NACAA
national association of clean air agencies

July 13, 2026

To: Office of Management and Budget

Re: Regulation for Federal Financial Assistance, 2 CFR Subtitle A and Parts 25, 170, 180, 182, and 200 (Docket No. OMB-2026-0034)[1]

Dear Colleagues,

The National Association of Clean Air Agencies (NACAA) offers the following comments on the Office of Management and Budget's proposed rule, "Regulation for Federal Financial Assistance," published in the Federal Register on May 29, 2026. This proposal would substantially revise the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR part 200 and related provisions, collectively referred to in the proposal as the "Uniform Grants Regulation."

NACAA is the national, nonpartisan, non-profit association of 157 air pollution control agencies in 40 states, including 117 local air agencies, the District of Columbia, and five territories. The air quality professionals in NACAA's member agencies have extensive experience administering federal grants under the Clean Air Act, and these comments are based upon that practical experience with federal financial assistance as a backbone of Clean Air Act implementation. The views expressed in these comments do not represent the positions of every state and local air pollution control agency in the country.

I. Overview

NACAA shares OMB's stated goals of improving transparency, accountability, and oversight of federal financial assistance. Our member agencies manage critical public health programs and fully support appropriate safeguards to ensure that taxpayer dollars are used lawfully and effectively. At the same time, Clean Air Act implementation is time-sensitive and legally constrained by statutory deadlines for attaining and maintaining the National Ambient Air Quality Standards (NAAQS) and fulfilling other core program obligations. Federal grants must therefore be administered in a manner that preserves timely, predictable funding flows and minimizes unnecessary administrative friction for state and local implementing agencies.

As currently drafted, several aspects of the proposed rule would introduce substantial new delays and burdens in the pre-award, payment, and oversight stages of the grant lifecycle, with uncertain public health benefits and a real risk of impairing state and local agencies' ability to plan, staff, and execute their Clean Air Act responsibilities. These include: (1) mandatory

[1] Available online at https://www.regulations.gov/docket/OMB-2026-0034

pre-issuance review of discretionary awards by senior political appointees; (2) expanded pre-award "risk" evaluation criteria; (3) new, discretionary termination and temporary suspension authorities; and (4) additional process requirements for payments, training and conference participation, and certain categories of allowable costs. Together, these changes may create backlogs and uncertainty that are particularly problematic for formula-based Clean Air Act funding that supports ongoing, statutory obligations and professional staffing.

NACAA respectfully urges OMB to revise the final rule to:

- Exclude the proposed senior appointee review for routine, recurring Clean Air Act formula and continuing program awards, or otherwise ensure it does not delay or disrupt timely obligations and drawdowns.
- Clarify and address concerns with the new discretionary termination and temporary suspension provisions, including providing robust due process protections and explicit safeguards for core environmental implementation grants.
- Avoid converting well-functioning, administratively light processes into prescriptive, high-friction requirements that will divert scarce state and local staff time away from substantive air quality work.

We detail these concerns and our recommendations below.

II. Senior Appointee Review and Pre-Award Risk Evaluation

A. Risk of backlogs and delays for Clean Air Act implementation grants

Proposed § 200.205 would require that a designated senior political appointee conduct a pre-issuance review of all discretionary awards, applying specified principles including consistency with federal law, agency priorities, and the "national interest." This requirement could substantially slow the grant award process across federal agencies by adding a new layer of political review to each affected award. For environmental programs, the risk is especially acute where grants support continuous statutory implementation functions, such as ambient air quality monitoring, SIP development, permitting, and enforcement, rather than one-time project funding.

Many state and local air agencies rely on predictable annual grant awards from EPA to maintain staffing, laboratory operations, data systems, and long-term planning processes under the Clean Air Act. In recent years, some EPA regions have moved toward multi-year awards and workplans to increase efficiency and predictability, a direction that the OMB proposal also encourages in concept. If each new or amended award must await a senior appointee's review—potentially across dozens or hundreds of grants per agency—the combined effect may be substantial backlogs, delayed awards, and compressed timelines for spending, hiring, and contracting. Those consequences would directly undermine OMB's stated objective of reducing recipient burden,

while making it harder for air agencies to meet fixed statutory deadlines and maintain specialized technical capacity.

NACAA therefore recommends that OMB:

- Expressly exempt formula-based and recurring program grants that implement ongoing statutory schemes such as the Clean Air Act from the senior appointee pre-issuance review requirement, or adopt a streamlined, program-level certification that can cover multiple awards at once; and
- Clarify that renewed or incrementally funded awards for ongoing programs may be processed under simplified review procedures once the underlying program has been evaluated for consistency with applicable priorities and the national interest.
- Reinforce OMB's encouragement of multi-year awards by clarifying that, where projects or implementation activities are inherently multi-year, agencies should provide multi-year funding commitments to the maximum extent practicable so that states and localities can plan, budget, and staff effectively.

B. Expanded "risk" factors and financial capacity

The proposal would also expand the list of factors federal agencies may consider when evaluating applicant risk, including a new focus on an applicant's "financial capacity" to manage high-dollar awards beyond what they have historically implemented. State and local air agencies generally have extensive experience managing federal awards, and NACAA does not oppose reasonable risk-based oversight. However, we are concerned that this provision, if applied without clear guidance, could disfavor smaller local agencies or those receiving one-time infusions of funding (for example, through supplemental appropriations) despite strong programmatic performance.

To maintain fairness and avoid unintended disincentives to invest in under-resourced areas, NACAA urges OMB to:

- Clarify that agencies must take into account an applicant's successful management of related awards and the availability of state and local matching or support, rather than focusing narrowly on award size relative to past awards.
- Emphasize that capacity concerns should, wherever possible, be addressed through technical assistance, phased awards, or enhanced reporting, not outright denial or deferral of crucial implementation funding.

III. Termination and Temporary Suspension Authorities

The proposal would revise §§ 200.340–200.343 to allow federal agencies to terminate awards at their discretion, including when an award "does not effectuate program goals, Federal agency

priorities, or the national interest as they exist at the time of termination," and to temporarily suspend awards through "stop-work"-like orders. As several analyses have noted, the proposed language does not establish minimum notice periods or a robust appeal process, and it would significantly expand agency latitude to terminate or suspend grants for reasons unrelated to recipient nonperformance.

For Clean Air Act implementation grants, this breadth and uncertainty present several problems:

- State and local agencies make multi-year staffing, planning, and infrastructure decisions in reliance on continued availability of core implementation funding. Discretionary termination or extended suspension for broad, evolving "national interest" reasons could destabilize these programs and compromise states' ability to meet statutory obligations.
- The absence of a meaningful appeal or hearing process is at odds with the cooperative federalism structure of the Clean Air Act, under which state and local agencies share responsibility for achieving national air quality goals.

NACAA recommends that OMB:

- Narrow the proposed discretionary authority so that, absent statutory direction, termination of implementation grants is limited to substantial noncompliance, material misrepresentation, or other specifically defined, serious recipient-side failures. Discourage discrete project components that have already begun from discretionary termination consideration.
- Provide categorical or presumptive protections for core environmental implementation awards under statutes such as the Clean Air Act.
- Establish clear minimum notice periods, an opportunity to respond, and access to an independent review or appeal mechanism before termination or extended suspension of ongoing formula and implementation grants.
- Clarify that, where termination is not based on recipient fault, agencies must authorize reasonable close-out and transition costs to avoid leaving states and localities with unfunded obligations, as is currently the case for terminations based on noncompliance.

These refinements would better balance OMB's understandable interest in oversight with the need for stable, predictable funding for statutory environmental programs.

IV. Administrative Requirements Affecting Training, Conferences, and Allowable Costs

NACAA appreciates OMB's efforts to address specific policy concerns around event services, advocacy, and certain types of costs. At the same time, several proposed revisions have the potential to impose disproportionate administrative burdens on Clean Air Act implementation

and on the organizations that support state and local agencies through training, technical assistance, and coordination.

A. Conferences, trainings, and event services (§§ 200.219, 200.432)

The proposal would make costs of attending conferences allowable only if participation is expressly approved by the federal agency and included in the terms and conditions of the award. NACAA and its member agencies already operate with the highest levels of stewardship of funds for training, capacity-building, and conferences that improve our workforce skills; we do not object to codifying a clear, neutral standard. However, the new requirement for express pre-approval of conference participation and related travel in the award terms and conditions is likely to be cumbersome and may not reflect how professional air quality work is actually conducted.

State and local air agencies participate in a wide range of trainings, workshops, committee meetings, and national conferences (such as NACAA meetings and specialized technical workshops) that are essential to maintaining a skilled workforce and sharing best practices on monitoring, modeling, permitting, and enforcement. Many such events arise on relatively short notice—for example, in response to new regulatory developments, pressing implementation challenges, or emerging air quality issues—and cannot always be forecast years in advance with detailed cost estimates.

NACAA therefore recommends that OMB:

- Allow agencies to approve categories of conferences and trainings (for example, "national or regional meetings of state and local air agencies and relevant professional societies") in award terms and conditions, rather than requiring event-by-event approval.
- Clarify that reasonable refreshments and working meals incidental to approved trainings and meetings are allowable when consistent with prudent stewardship of federal funds, without requiring hyper-granular pre-approval of menus or per-event line items.

B. Memberships, publications, and communication costs (§§ 200.421, 200.454, 200.461)

The proposal would tighten rules on allowable advertising, public relations, membership, subscription, and publication costs, generally making such costs allowable only when necessary to fulfill award requirements and often requiring express prior approval. NACAA's member agencies regularly rely on professional memberships (e.g., in technical societies), specialized news and policy subscriptions, and publication-related costs to carry out their Clean Air Act obligations, including staying current on regulatory and technical developments, accessing peer-reviewed research, and disseminating training and guidance materials.

The proposed revisions to § 200.454 would create new burdens for implementation of key environmental laws. Under the current Uniform Grants Regulation, reasonable costs of membership in business, technical, and professional organizations are allowable without being conditioned on prior written approval of the Federal agency. The proposal would reverse this presumption by making membership in professional, civic, business, and technical organizations allowable only if individually approved in advance by the Federal agency and otherwise disallowing such costs. In addition, in addition to longstanding exclusions against lobbying, the proposal would newly prohibit Federal funds from supporting "issue advocacy" without clarifying whether this may include supporting or opposing certain policy positions. These terms are not defined and are vulnerable to inconsistent or overbroad interpretation. NACAA is concerned that vague "issue advocacy" restrictions could chill good-faith technical communication and policy dialogue integral to implementing the Clean Air Act, and could invite burdensome, subjective reviews of routine memberships and professional activities. NACAA therefore recommends that OMB retain the existing language in § 200.454, allowing for professional memberships and deleting the new "issue advocacy" language,

While we understand OMB's concerns about using federal funds for broad public-relations campaigns, we urge OMB to:

- Confirm that professional memberships, subscriptions, and modest publication costs are allowable where they are reasonably necessary to implement a grant-funded environmental program, and that they may be approved at a programmatic level in award terms and conditions without repeated transaction-by-transaction approvals.
- Clarify that routine publication of technical reports, guidance documents, and training materials on agency websites or through low-cost online platforms is generally allowable when it implements a grant workplan commitment to data sharing, training, or public information.
- Avoid interpretations that would require case-by-case approvals for de minimis items such as printing agendas, nametags, and course materials for trainings explicitly contemplated in the workplan.
- Recognize the appropriateness of fixed-amount subawards in cases where federal funds provide partial support for discrete, measurable environmental investments (for example, replacing higher-polluting equipment with cleaner alternatives), and clarify how this aligns with any discouragement of cost-reimbursement contracts.
- Retain the existing language of § 200.454(a) or, at a minimum, to restore a clear, affirmative presumption that memberships reasonably necessary to carry out award requirements are allowable, subject to program-level approval rather than case-by-case review; and exclude the new "issue advocacy" language proposed for this section.

C. Payment justifications and E-Verify (§§ 200.303, 200.305)

The proposal would require non-state recipients and subrecipients to submit payment requests that include justifications describing the payment's purpose and specific award-related work, and would require all recipients to use the E-Verify program for employees and contractors "hired in or performing work in the United States under a Federal award." Many state and local agencies already provide detailed information with each drawdown, and multiple commenters have noted that additional justification layers, if not carefully designed, may increase administrative burden without meaningfully improving oversight.

Likewise, extending E-Verify requirements to short-term contractors such as course instructors or specialized technical consultants raises operational and privacy concerns, especially where trainings or technical projects are numerous and time-sensitive. Agencies may be forced to cancel or postpone trainings on short notice if verification processes cannot be completed in time or if mismatches are not promptly resolved.

NACAA recommends that OMB:

- Design payment justification requirements to leverage existing systems (such as ASAP) and existing documentation, avoiding duplicative, free-form narrative submissions that will be burdensome for both recipients and agencies to prepare and review.
- Provide tailored flexibility or safe harbors for entities that conduct high volumes of small contracts and trainings under environmental implementation grants, recognizing the practical challenges of applying E-Verify on compressed timelines to numerous short-term engagements.
- Coordinate with EPA and other grantmaking agencies to develop user-friendly templates, guidance, and training for both payment justifications and E-Verify obligations, and to monitor whether these provisions are causing delays or cancellations in trainings and other critical program activities.

V. Provisions on Pass-Through Entities and Subrecipients

The proposal would revise pass-through entity responsibilities, including a new requirement that pass-through entities "ensure that subrecipients do not take actions that could significantly damage the reputation of the pass-through entity, awarding Federal agency, or the Federal Government."

NACAA is concerned that the proposed "reputational damage" standard is vague and could chill legitimate scientific and policy discourse. Actions that some might perceive as reputationally harmful (such as publishing critical findings about air quality problems, issuing independent risk assessments, or advocating for stronger local protections) may be central to sound environmental governance and consistent with statutory program objectives.

We therefore urge OMB to:

- Delete or substantially revise the "significant reputational damage" language to focus instead on concrete misconduct (for example, fraud, criminal activity, or egregious noncompliance with grant conditions) that clearly justifies pass-through intervention.
- Avoid formulations that could be interpreted to discourage subrecipients from engaging in good-faith scientific analysis, policy dialogue, or public communication about environmental and health risks.

VI. Recommendations and Conclusion

NACAA appreciates OMB's work to promote responsible use of federal financial assistance. Our member agencies share that commitment, and we support reasonable steps to prevent misuse of funds and to align grantmaking with statutory objectives. At the same time, we submit that the final rule must ensure that oversight mechanisms do not inadvertently degrade the speed, predictability, and effectiveness of Clean Air Act implementation at the state and local level.

Accordingly, NACAA urges OMB, in consultation with state and local agencies, to:

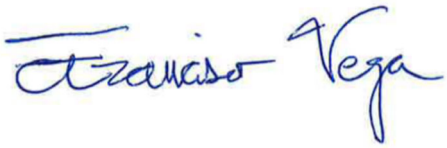
- Exempt proposed senior appointee pre-issuance review for formula and ongoing statutory implementation grants, or otherwise ensure that such review does not introduce backlogs or unpredictable delays.
- Narrow new discretionary termination and suspension authorities, and provide meaningful notice and appeal protections, especially for core environmental implementation programs.
- Calibrate new administrative requirements for conferences, trainings, payment justifications, and E-Verify to avoid undue burdens or disruptions in critical training and capacity-building functions.
- Recognize the legitimate need for professional memberships, publications, and basic communication tools integral to effective environmental program delivery in cost allowability provisions.
- Preserve sufficient certainty in award conditions and structures by limiting mid-award changes, clarifying treatment of fixed-amount subawards where appropriate, and avoiding discretionary reallocations of duly awarded funds so that state and local agencies can confidently undertake multi-year implementation and technology projects.
- Reconsider or remove vague standards such as the "significant reputational damage" language for subrecipients.

NACAA and its member agencies stand ready to work with OMB and other federal agencies to uphold accountability while preserving the timely and skillful expenditure of federal grant funds that are essential to protecting public health and air quality.

Thank you for the opportunity to provide our perspective. Please contact Miles Keogh, NACAA's Executive Director, (mkeogh@4cleanair.org) if you have any questions.

Sincerely,





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