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Big Changes on the Horizon for Federal Grants.

New proposed rules would fundamentally change the process of funding for state and local governments, tying grants more directly to White House political priorities.

Late last month the White House Office of Management and Budget (OMB) [proposed new rules for federal grants](#), which total more than \$1 trillion annually. While many of the individual revisions of the Code of Federal Relations (CFR) appear technical, taken together they point to a significant shift in how the federal government awards, oversees and manages grants. If adopted, the changes would affect everything from transportation and housing to public health, workforce development and public safety programs.

For state and local governments, this amounts to a fundamental transformation of how agencies receive and manage federal funds. The new rules would tie federal funding more directly to Trump administration priorities, particularly those relating to diversity initiatives, and subject it to greater ongoing federal oversight with stronger requirements for documenting accountability throughout the funding chain.

Historically, the [uniform grants guidance](#) (also known as 2 CFR Part 200) has set the rules of the road for federal grants by defining the governmentwide standards for everything from procurement and financial management to subrecipient oversight, audits and grant closeout. It is the bible that every state and local government grants manager lives by when managing federal funds. While the proposed new rules contain dozens of individual changes, three themes stand out.

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