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NACo Submits Comments on OMB's Proposed Rewrite of the Uniform Guidance.

Key Takeaways

- NACo submitted comments to the U.S. Office of Management and Budget (OMB) on its proposed rewrite of 2 CFR Part 200, the Uniform Guidance governing federal grants.
- NACo supports the rule's burden-reduction goals but raised eight priority concerns, including the comment period length, effective date, and new termination and viewpoint-neutrality provisions.
- NACo asked OMB to extend the comment period, delay the effective date to January 1, 2027, and conduct a formal federalism consultation with state and local governments.

On July 12, NACo submitted formal comments to the Office of Management and Budget (OMB) responding to the agency's proposed rewrite of 2 CFR Part 200, commonly known as the Uniform Guidance, which governs how federal grant dollars are awarded, managed and monitored across every level of government. The proposed rule is the most significant overhaul of federal grants regulations in more than a decade, and it touches nearly every program counties administered, from transportation and public safety to housing and disaster recovery.

These comments reflect extensive consultation with, and feedback from, counties across the country, whose on-the-ground experience administering federal awards directly informed NACo's positions and recommendations.

NACo supports OMB's stated goals of improving transparency, accountability and efficiency in federal grants administration, and credits the proposed rule's burden-reduction provisions, including its simplification of Notices of Funding Opportunity (NOFOs) and its limits on duplicative audit requirements. At the same time, NACo raised significant concerns about provisions that could increase administrative burden, introduce legal uncertainty, or expand federal discretion in ways that make it harder for counties to plan, budget and deliver services reliably.

Read NACo's full comment letter.

Major themes in NACo's comments

NACo comments outline eight key themes and priority concerns.

Comment period: A 412-page, government-wide rewrite deserves more than 45 days of public comment. NACo asked for a 60-day extension and a dedicated consultation process for state and local officials.

Effective date: The proposed October 1, 2026 start date doesn't give counties enough time to update internal controls, policies and subaward agreements. NACo asked for an effective date no earlier than January 1, 2027, or a phased rollout.

Federalism assessment: NACo asked OMB to withdraw its finding that the rule has no federalism implications and to conduct a formal consultation under Executive Order 13132.

Viewpoint neutrality (§ 200.219): This provision would reach county property and events regardless of whether federal funds are involved. NACo asked OMB to narrow it to the actual federally funded activity.

§ 200.300(b): NACo flagged undefined terms, like "significantly damage the reputation," and asked OMB to define them and narrow the provision's scope.

Termination standard (§ 200.340): NACo asked OMB to narrow the "national interest" termination standard, codify recent testimony protecting congressionally designated funding, and name the specific programs exempt from discretionary termination.

Subrecipient monitoring and E-Verify: Expanded monitoring and verification requirements would be especially burdensome for rural counties with limited grants staff. NACo asked OMB to scale these requirements to award size and risk.

SAM.gov reliability: Given GAO's documented concerns about SAM.gov's data accuracy, NACo asked OMB to improve the system before relying on it as a trigger for subrecipient monitoring and termination decisions.

Beyond these top-line issues, counties commented on dozens of additional sections in detail, covering topics like the elimination of fixed-amount awards, new pre-award and merit-review requirements, mandatory disclosure timelines, and how OMB's reclassification of guidance to regulation will work across more than 40 federal grantmaking agencies.

Why it matters

Counties are the federal government's largest partner in delivering programs funded through the Uniform Guidance, and any change to how those rules work has direct, immediate consequences for county budgets, staff and residents. NACo's comments aim to work with OMB toward shared goals of a grants system that is transparent and accountable, while ensuring the final rule reflects the operational realities counties face on the ground.

What's next

OMB is required to review and respond to every substantive comment it receives before finalizing the rule. The proposed rule's anticipated implementation date of October 1, 2026 is an extremely fast timeline for a rewrite of this size and scope.

Counties should begin preparing internally. That means taking stock now of which discretionary grants and large pass-through funding streams are most critical to their operations, and flagging where program-specific statutes may conflict with OMB's new requirements. If the rule is finalized as proposed, counties will also need to revise subgrant templates, monitoring protocols and payment documentation systems, so it's worth starting to scope those changes now rather than waiting for a final rule. Finally, counties with active awards should consult legal counsel on an ongoing basis about how specific provisions could affect existing grants.

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