



Sent via Online Submission: <https://www.regulations.gov/commenton/OMB-2026-0034-0001>

July 13, 2026

Director Russell Vought
Office of Management and Budget
725 17th St, NW
Washington, DC 20503

**Re: NAACP Comment on Proposed Rule: Regulation for Federal Financial Assistance
(Docket OMB-2026-0034)**

Dear Director Vought,

The NAACP is concerned that the Office of Management and Budget (OMB)'s proposed rule titled "Regulation for Federal Financial Assistance" could create a Uniform Grants Regulation (UGR) to diminish the current framework for managing grants and federal funding across 41 agencies. OMB's proposed rule, purportedly to "improve transparency, accountability, and oversight for Federal awards across the Federal Government", is actually the opposite. These changes weaken transparency, consistency, and equity in Federal grantmaking. In essence, the work that environmental and climate justice advocates fought to ensure across the federal government is at risk of being eradicated and will create additional sacrifice zones in already overburdened communities.

The NAACP Center for Environmental and Climate Justice advocates for environmental and climate justice to ensure that the systemic impacts of environmental and climate decision-making do not create new gaps, and to eradicate old ones, in protecting communities of color and low-income communities in the U.S. and globally. Studies demonstrate that these choice points create more pollution for Black and other frontline communities. Black communities are living with the expanding impacts of AI data centers that contaminate and deplete water, pollute the air, and cause excessive energy use that raises local community utility bills. The NAACP, through its national advocacy and its state and local branches, champions the needs of Black and other historically excluded communities who face environmental challenges directly, while ensuring their voices and perspectives are meaningfully centered in decision-making and the formation of effective solutions.

This rule is a direct attack on community-based and led organizations combating environmental harm because it is taking money away from communities that are fighting to eradicate issues like legacy air and water pollution. For example, places like Jackson, MS,

needed federal investments to help fix years of intentional state disinvestment in their water infrastructure and organizations that serve the Greater Memphis region utilized federal investments to address existing air pollution. Many of these resources to fix long-standing issues are already becoming depleted. To add insult to injury, the federal government is now trying to cement communities' fate by creating a grant process that is based on vague, politically charged framing. The harm to communities is not political. Scientific research shows that if more pollution is placed in an area, those communities are more likely to face climate-related disasters and related health hazards. Thus, OMB will send a clear statement that overburdened communities should shoulder the harms without any financial investments in mitigating the environmental decisions that have been forced upon them.

This Administration is using this rule to create a federal grant process to seemingly push an agenda to eradicate any last assistance to the communities that need investment. This comes shortly after decisions to dismantle Justice40 Initiatives, close federal environmental justice offices, and remove equity criteria from federal permitting and enforcement. Additionally, this administration has promoted environmentally harmful industries, such as fast-tracking AI data center infrastructure and broader fossil fuel production, without community input. These decisions disproportionately impact Black communities and low-income communities because those are the siting locations for many of the large-scale projects.¹ Communities already have few places to turn to fix century long decisions, and despite their best efforts to find alternative solutions to address environmental harm, this is another example of an unnecessary and extreme hurdle. Now, using the grant funding process, this Administration is trying to systematically embed barriers for equitable access to funding for projects and communities that are not aligned with its politics. The OMB must withdraw its proposed rule to prevent further environmental harms that create barriers for organizations to bring their communities into attainment of NAAQS standards or that push against zoning that sites Black communities near industrial facilities or hazardous waste sites.

I. Attacks on Environmental Justice and Community-Based Programs

Framing environmental justice efforts as DEI initiatives conflates the two terms without clarity as to the rationale. This Administration purposefully lumps efforts to reverse the impact of historical injustice in federal decision-making and funding with race-specific initiatives, directly threatening community organizations' ability to serve populations where NAACP branches and state conferences typically advocate and address environmental disparities. For example, an approved study at the University of Washington explored vulnerable populations in the communities in the Lower Duwamish River, analyzing communities that experience the harms of extreme weather events, contaminated drinking water and waterways, poor air quality, and numerous interrelated impacts of systemic oppression. However, this study had its grant funding unjustly revoked because the EPA found that the funding was no longer

¹ Executive Order 14365—Ensuring a National Policy Framework for Artificial Intelligence, Executive Order 14179—Removing Barriers to American Leadership in Artificial Intelligence, EO 14154 -Unleashing American Energy.

consistent with EPA funding priorities. Instead of providing concrete reasoning for the revocation, the EPA used vague language indicating that the award was not promoting fairness, was not free from fraud, or failed to serve the best interests of the United States. These are not objective standards; these are deeply subjective criteria with unfettered discretion to decide against helping everyday people.

This rule is yet another example of this Administration advancing a completely novel and dangerous interpretation of civil rights laws and constitutional requirements. The Pre-Federal Award Requirements and Content Review subsection of the proposed rule outlines changes to the funding opportunities, selection of recipients, and the review of applicants' risk.² The administration emphasizes the need for "merit-based" selection of recipients for discretionary awards.³ However, merit-based selection is fictitious and ineffective if the grant process does not accept all applications for funding that are not aligned with its political agendas. The rule bases its authority on a series of Executive Orders and Department of Justice opinions that overstep Congressional authority, threatening civil rights and environmental justice.

Executive orders that promote environmentally harmful industries such as data centers and the dismantling of programs advancing equity for historically underserved communities show the political ideology of this administration and how it is using the federal grant-funding process to push its agenda and circumvent civil rights laws.⁴ Furthermore, the Department of Energy Final Rule, removing disparate impact consideration, adversely impacts those most impacted: Black communities and communities of color, which have experienced historic and ongoing discrimination. However, these claims completely misinterpret environmental justice and, by framing it as a DEI initiative, do so without any analysis as to what it means. Environmental justice is not race-specific; it is a framework for environmental policy that promotes equitable treatment and meaningful involvement of all people, regardless of race, income, or background, in decisions that affect their environment and health. Our NAACP branches and state conferences, which are on the front lines of environmental and climate justice decisions that have historically led to harm, are directly impacted by these decisions.

II. Funding based on ideological principles and not on need or merit

This new rule sets a dangerous precedent for access to government funding processes to be conducted not on need or merit, but on alignment with political ideologies. If grant funding is based on what the administration deems worthy, many historically underserved communities will be disenfranchised by the federal government and left to feel the brunt of environmental harms without the financial means to combat them. This rule introduces "pre-issuance review," which requires agencies to ensure that funding proposals are consistent not only with

² "Regulation for Federal Financial Assistance" at § § 200.204- 200.206.

³ "Regulation for Federal Financial Assistance" at § 200

⁴ *Supra* note at 2, "Improving Oversight of Federal grantmaking," Executive Order 14332, August 7, 2025, "Ending Radical and Wasteful Government DEI Programs and Preferencing," Executive Order 14151, January 20, 2025.

the law but also with federal agency priorities.⁵ In the current administration, “national interests” have been used to encompass a wide array of political ideals with little to no concern for the impacts, such as pushing energy projects and data centers that are polluting and harming Black communities. Moreover, historically, giving this level of discretion to political appointees has been widely used as a weapon against Black and other frontline communities by government agencies and private entities. By having objective rules and regulations, there is a set of standards to ensure that the framework that built this country, chattel slavery and diminishing Black power, does not seep into everyday decisions without checks and balances. Without these standards, this also significantly increases the power of the U.S. president since he can determine both who the political appointees are and what the “national interests” may be, destroying a key principle of American governance, the separation of powers.

Moreover, the reviews will be conducted by political appointees instead of deferring to expert review. Senior appointees must conduct these reviews and apply specific principles when evaluating proposals.⁶ This proposed rule replaces objective expert review processes with subjective review for political agendas. Shifting funding decisions away from need or merit and toward political considerations, and giving a bigger role to political appointees or other senior officials in the discretionary grants process. The administration's previous and current actions show the shift of support away from people and communities.

For example, the Department of Justice (DOJ) stepped in to support xAI, a private entity, in its attempts to evade established environmental air pollution laws. In this unprecedented act, instead of siding in the best interests of the public and local community or arguing the need to allow people to hold polluters accountable, the DOJ is trying to rewrite the plain meaning of the Clean Air Act. It attempts to eradicate community accountability that leads to stronger environmental health and safety.⁷ This departure from previously established norms is part of a larger pattern to diverge from community protections based on mandates from this administration. In that case, the DOJ vaguely claims that “national interest” of the executive branch preempts federal environmental law and community accountability. To this end, the named attorneys are political appointees who stand in opposition to community advocacy and citizen suits to curtail projects that pollute vulnerable communities. These individuals seem to believe that environmental laws are seen as barriers to economic progress because they make industries comply with health and safety standards. This line of thinking concerns us for other environmental and climate discretionary decision that could be made under this Administration.

Additionally, political appointees reviewing applications are guided to consider recipients’ “history of questionable practices” based on publicly available and verifiable information. “History of questionable practices” is not defined, and it leaves room for vague, inconsistent,

⁵ “Regulation for Federal Financial Assistance” at § 200.205.

⁶ *Id.*

⁷ Erika Kranz, Env'tl. & Energy L. Program, *A Department Untethered: The Erosion of DOJ Settlement Norms and Implications for Environmental Law* (2026). <https://eelp.law.harvard.edu/a-department-untethered-the-erosion-of-doj-settlement-norms-and-implications-for-environmental-law/>.

and discriminatory interpretations. What are questionable practices? Is this simply a tool to attack policies and practices (political ideologies) that the administration doesn't agree with? Though the rule identifies publicly available information and verifiable information as the means to determine these practices, these terms are also undefined. What constitutes "verifiable information?" This term is vague and does not indicate the source material or metrics that will be used to determine the history of questionable practices.

With the Administration's history of attacking programs and initiatives designed to include historically excluded communities in decision-making, under the guise of "unlawful DEI," this proposed rule will give OMB authority to use federal grants to discriminate against programs and communities committed to reversing the harms of historical discrimination and environmental injustices.

III. Lack of Transparency and Consistency in Funding

Even after receiving funding, this proposed rule expands the agency's authority to terminate or suspend federal grants at any time and without notice. Organizations could lose grants if priorities change, making it difficult to plan or carry out long-term projects. As the University of Washington study demonstrates, the lack of transparency in decision-making led to the revocation of a funding award with no explanation. With this precedent, the proposed rule for review and decision-making would lead to more instances of unexpected and unwarranted funding cuts that can lead to discontinuity in programs and services for communities engaged and impacted by environmental harms.

As administrations and administrative priorities for funding change, this overarching, broad funding review structure will make it difficult for recipients to provide consistent services to communities, as they would need to adjust their programming. Or it will deter recipients from applying due to the lack of transparency in review and consistency, which will burden local governments and communities. The administration claims that the proposed rule would lead to cuts in fraud, waste, and abuse; however, it increases the chances of these occurring. The lack of transparency and consistency in decision-making leads to confusion for recipients and opens the door for bias. This shift removes the ability of individual agencies to tailor grants to the unique statutory mandates, scientific needs, and community contexts of their programs.

IV. Conclusion

These changes are harmful and an overextension of the executive branch to control congressional funding for its own political agendas, significantly undermining the principles of transparency, equity, and accountability. By prioritizing political alignment over need or merit, this rule poses a direct threat to marginalized communities that rely on federal funding to address environmental injustices. The rule jeopardizes community-based organizations and exacerbates existing disparities, particularly for Black and low-income communities on the frontlines of environmental harm. The proposed rule severely impacts organizations' ability to

serve these communities effectively and efficiently. The OMB must withdraw this proposed rule to protect access to federal funding processes and ensure that access is determined by the needs of communities rather than political ideologies.

Sincerely,

A handwritten signature in cursive script that reads "Abre' Conner".

Abre' Conner, Esq.

Director, NAACP Center for Environmental and Climate Justice

A handwritten signature in cursive script that reads "Katherine Moreland".

Katherine Moreland

Fellow, NAACP Center for Environmental and Climate Justice