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BEFORE THE OFFICE OF MANAGEMENT AND BUDGET

Comment of Members of the Albuquerque City Council on the Proposed Rule: Uniform Grants Regulation (2 CFR Part 200) Docket No. OMB-2026-0034

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Submitted electronically via regulations.gov

The undersigned members of the Albuquerque City Council respectfully submit this comment in response to the Office of Management and Budget's proposed rule revising 2 CFR Part 200 (Uniform Guidance), published in the Federal Register on May 29, 2026, and docketed as OMB-2026-0034.

We submit these comments as elected members of the Albuquerque City Council, submitted by Councilor Stephanie W. Telles, District 1. Albuquerque is New Mexico's largest Home Rule municipality, and the City Council has an independent fiduciary responsibility to appropriate public funds, oversee municipal finances, and ensure transparency and accountability in the administration of taxpayer resources. As a Home Rule municipality, Albuquerque operates under a charter that assigns separate responsibilities to the Mayor and City Council, with the Council exercising fiduciary oversight through appropriations, performance monitoring, and public accountability. These comments are informed in part by Councilor Telles's professional background in fraud examination, forensic accounting, enterprise risk management, and public-sector governance.

The City administers federal financial assistance across transportation, housing, public safety, behavioral health, aviation, infrastructure, environmental protection, and other essential services, so revisions to the Uniform Guidance have direct operational consequences for our residents. Our FY27 budget already reflects uncertainty surrounding federal funding and the need to preserve flexibility while maintaining essential services, which makes the direction of these revisions especially consequential to us.

We appreciate OMB's efforts to improve stewardship of federal funds. Federal oversight and local self-government are complementary: strong governance systems built on transparency, accountability, risk management, and independent oversight produce better stewardship of federal funds than additional procedural requirements or political discretion. The Uniform Guidance has provided an effective framework for federal grant administration, and we encourage OMB to continue emphasizing risk-based governance, clear accountability, and practical implementation, rather than replacing predictable process with unreviewable discretion, and inserting substantive social policy directly into a government-wide grants administration regulation that increases administrative burden and limits local governments' ability to respond to community needs.

I. Internal Controls and Governance Standards

[§200.303] [§200.514] The current Uniform Guidance directs recipients and subrecipients to align internal controls with the standards issued by GAO (the Green Book) and COSO. The proposed rule removes this language from both §200.303 and §200.514 rather than merely declining to strengthen it. This is a step backward. COSO and the Green Book are the professionally recognized frameworks used by auditors, fraud examiners, and public finance officers nationwide precisely because they are objective and independently verifiable. Removing them in favor of undefined, agency-specific expectations weakens the very audit and internal-control infrastructure OMB says it wants to strengthen.

Recommendation: Restore the reference to COSO and the GAO Green Book as recognized internal control frameworks in both §200.303 and §200.514, and encourage, rather than remove, their use as a baseline for evaluating recipient governance maturity.

[§200.303] The proposed rule newly requires recipients and subrecipients to participate in E-Verify for all employees and contractors performing work under a federal award and requires states to conduct pre-payment verification through Treasury's Do Not Pay system. As proposed, this applies far more broadly than existing federal contractor E-Verify requirements, with no clarity on whether the obligation extends only to staff directly charged to an award or to shared administrative and indirect-cost staff, a significant new compliance burden for local governments and subrecipients with mixed funding streams.

Recommendation: Clarify the scope of E-Verify and Do Not Pay obligations to apply only to staff and contractors directly charged to the federal award and provide implementation guidance and lead time commensurate with the systems and training burden this creates.

II. Discretionary Termination, Suspension, and Due Process

[§200.340] The proposed rule authorizes an agency to terminate a discretionary award, in whole or in part, whenever it determines termination is "in the interest of the Federal agency," including where the award "does not effectuate program goals, Federal agency priorities, or the national interest as they exist at the time of the termination." None of these terms are defined. A new §200.340(e) separately authorizes temporary suspension of an award for up to 90 days on the same undefined "interest of the agency" standard, with no requirement that the agency state a reason at the time of suspension.

[§200.342] Most significantly, the proposed rule limits the right to object, request a hearing, or appeal to terminations for noncompliance only. Discretionary terminations, the newly broadened category described above, carry no appeal right at all.

Taken together, these provisions mean a recipient's federal funding can be suspended or terminated on an undefined, agency-selected standard, with no requirement to state a specific reason and no avenue to challenge the decision. As a fraud examiner, we would flag an internal control with this combination of features , broad discretion, no defined standard, and no independent review, as a high-risk control weakness in any organization. Embedding it into federal grants regulation invites exactly the kind of arbitrary or politically motivated action that undermines, rather than strengthens, public trust in the administration of federal funds.

Recommendation: Define "interest of the Federal agency" and "national interest" with specific, reviewable criteria; require a stated reason at the time of suspension as well as termination; and extend the opportunity to object and appeal under §200.342 to discretionary terminations and suspensions, not solely to terminations for noncompliance.

III. Merit Review and Politicization of Award Decisions

[§200.205] The proposed rule requires a "pre-issuance review" of all discretionary awards by one or more senior political appointees, who may override or decline to adopt the results of professional peer review. Because the rule permits an agency head to designate only a single individual to conduct this review, one political appointee can effectively veto a merit-based funding decision reached through peer review, with no requirement for a second reviewer or any check on that authority. The same section directs reviewers to ensure awards do not fund initiatives that "compromise public safety or promote anti-American values", a term the rule does not define anywhere.

Recommendation: Require at least two independent senior reviewers for pre-issuance review of discretionary awards, require written documentation of any decision to depart from peer review recommendations, and define "anti-American values" and similar undefined terms with objective, reviewable criteria or remove them from the regulatory text.

[§200.206] The proposed risk-assessment factors similarly include undefined terms, an applicant's "history of questionable practices," "affiliations with organizations that undermine public safety or national security", without defining what constitutes an "affiliation" or how an agency is expected to investigate one. We ask OMB to define these terms with the same specificity it expects of recipients' own internal controls.

IV. Sanctuary City and Immigration-Related Conditions

[§200.205] The proposed merit-review screening criteria expressly list "illegal immigration" among the categories of initiative that discretionary awards must not fund, promote, encourage, subsidize, or facilitate. OMB's own preamble cites concern that recipients might "misuse funds to provide services for illegal immigrants" as a rationale for the rule.

Albuquerque has adopted local policies regarding community trust and the relationship between local government and federal immigration enforcement. These are questions of local self-governance that fall within the authority Home Rule municipalities are constitutionally afforded. We are concerned that this provision, combined with the discretionary termination authority discussed above, could be used to condition Albuquerque's federal funding, for transportation, housing, public safety, and other essential services, on the City altering local policies that have no bearing on the lawful use of the specific federal funds at issue.

Recommendation: Clarify that §200.205's merit-review criteria apply only to the specific activities funded by a given award, and do not authorize an agency to condition unrelated federal funding on a recipient's broader local policy choices that are otherwise lawful under state and local law.

V. Lobbying, Voter Registration, and Reproductive Health Restrictions

[§200.450] The proposed rule newly prohibits recipients from using federal award funds to establish, administer, contribute to, or pay the expenses of any voter registration campaign or drive, or to pay the expenses of another entity engaged in such activities. It further prohibits use of federal funds for "issue advocacy or public messaging that promotes or opposes a particular social, political, or public policy position unrelated to the statutory objectives... of the Federal award," language broad enough to sweep in routine public health messaging, civic engagement work, and community outreach that municipalities and their subrecipients have long conducted as part of ordinary program administration. Albuquerque funds and supports civic participation work, including nonpartisan voter registration and outreach conducted through library systems, community health programs, and other City-supported services; this provision could chill that work well beyond what is necessary to prevent partisan misuse of federal funds.

Recommendation: Narrow §200.450 to expressly exempt nonpartisan voter registration assistance and civic engagement activities conducted as an ordinary part of public library, public health, or community services programming, consistent with longstanding practice under prior Uniform Guidance.

[§200.477] The proposed rule adds a new provision making costs associated with elective abortions categorically unallowable under federal awards, except as expressly authorized by federal statute. This is a significant insertion of a substantive reproductive health policy position directly into the government-wide grants administration regulation, rather than into program-specific statutes or appropriations riders where such conditions have historically been placed and debated by Congress. New Mexico state law protects reproductive health care access, and Albuquerque has taken affirmative local measures to protect that access for our residents. Embedding this restriction in the general-purpose Uniform Guidance, rather than leaving it to program-specific statutory riders subject to normal appropriations debate, extends its reach to federal awards and programs with no logical connection to reproductive health care, creating compliance uncertainty for recipients administering unrelated public health, behavioral health, and human services grants.

Recommendation: Remove §200.477 from the general-purpose Uniform Guidance. To the extent Congress has enacted or wishes to enact restrictions of this kind, they are appropriately addressed through program-specific statutes and appropriations, not through government-wide grants administration regulation that governs unrelated funding streams.

VI. Civil Rights and Viewpoint Provisions

[§200.218] The new prohibition on "disparate-impact liability" directs agencies, recipients, and subrecipients to eliminate the use of disparate-impact theory "to the maximum extent permitted by law." This standard is not self-defining, and recipients administering programs that touch housing, policing, or other services with a long history of disparate-impact analysis under existing civil rights law will need considerably more clarity about what compliance requires in practice.

[§200.219] The new prohibition on discriminatory event services bars public entities from discriminating on the basis of viewpoint, ideology, or political or religious affiliation in providing event-related services such as security and facility access. As written, this provision could constrain a municipality's own legitimate governance judgment about which groups may use public facilities and under what security posture.

Recommendation: Provide specific implementation guidance for §200.218 that accounts for existing civil rights compliance obligations and clarify the scope of "services" and "expressive activities" under §200.219 so that recipients can distinguish routine, viewpoint-neutral security and permitting decisions from prohibited discrimination.

VII. Administrative Burden and Elimination of Flexible Funding Tools

[§200.101, §200.201, §200.333, §200.400, §200.401] The proposed rule eliminates fixed-amount awards and subawards entirely, replacing them with a prohibition unless separately authorized by statute. Fixed-amount instruments were part of the original 2013 Uniform Guidance specifically to reduce administrative burden and focus federal grantmaking on performance and outcomes. Eliminating them while simultaneously discouraging cost-reimbursement contracts under §200.320 leaves recipients with fewer efficient contracting tools, directly cutting against OMB's stated objective of reducing recipient burden.

[§200.432, §200.442, §200.454, §200.461] The rule adds new prior-written-approval requirements for conference attendance, fundraising and investment management costs, and memberships and subscriptions, and generally makes publication costs unallowable. Collectively these add new administrative approval steps to routine, low-dollar activities many recipients have historically managed under standard indirect cost practices.

[§200.1, §200.513] The rule removes the requirement that the annual Compliance Supplement be updated annually. The Compliance Supplement is the primary tool auditors use to test recipient compliance under the Single Audit Act; removing the annual-update requirement, with no replacement timing commitment, creates uncertainty about whether audit guidance will keep pace with the rule's other changes.

Recommendation: Retain fixed-amount awards and subawards as an available tool, particularly for well-performing recipients with demonstrated governance maturity; and retain a defined periodic update commitment for the Compliance Supplement.

VIII. Summary of Recommendations

We respectfully recommend that OMB:

1. Restore recognition of COSO and the GAO Green Book as internal control frameworks in §200.303 and §200.514;

2. Define undefined discretionary standards throughout the rule, including "interest of the Federal agency," "national interest," "anti-American values," and "reputational risk", with objective, reviewable criteria;

3. Extend the right to object and appeal under §200.342 to discretionary terminations and temporary suspensions;

4. Require at least two independent senior reviewers for pre-issuance merit review, with documentation of any departure from peer review recommendations;

5. Clarify that §200.205's screening criteria apply only to the specific activities funded, not to a recipient's broader, otherwise-lawful local policy choices;

6. Narrow §200.450 to protect nonpartisan voter registration and civic engagement work conducted through ordinary municipal programming;

7. Remove §200.477 from the general-purpose Uniform Guidance;

8. Preserve fixed-amount awards and subawards as an available, burden-reducing tool for well-governed recipients; and

9. Maintain a defined periodic update schedule for the Compliance Supplement.

IX. Conclusion

Public trust is strengthened when federal regulations reinforce transparent, accountable, and risk-informed governance, not when they replace objective standards with undefined discretion or insert substantive social policy into a technical administrative regulation. We urge OMB to revise the proposed rule consistent with the recommendations above, preserving both rigorous stewardship of federal funds and the constitutional authority of Home Rule municipalities to govern their own communities. We thank OMB for its consideration of these comments.

Respectfully submitted,

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References

- Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control-Integrated Framework.
- COSO, Enterprise Risk Management, Integrating with Strategy and Performance.

- U.S. Government Accountability Office, Standards for Internal Control in the Federal Government (Green Book).
- Government Finance Officers Association (GFOA), Best Practices for Financial Management and Internal Controls.