



AMERICAN PUBLIC WORKS ASSOCIATION

**Your Comprehensive
Public Works Resource**

www.apwa.org

1200 Main Street, Suite 1400
Kansas City, MO 64105-2100
816-472-6100 800-848-2792
fax 816-472-1610

25 Massachusetts Ave NW
Suite 500A
Washington, DC 20001
202-408-9541

July 9, 2026

Russell T. Vought
Director, Office of Management and Budget
725 17th Street NW
Washington, D.C. 20503

Re: APWA Comments on Proposed Rule – Regulation for Federal Financial Assistance; 2 CFR Part 200 (Docket OMB-2026-0034)

Dear Director Vought:

The American Public Works Association (APWA) represents 32,000 public works professionals across North America who serve in both the public and private sectors providing expertise at the local, state and federal government levels. Working in the public interest, our members plan, design, build, operate, and maintain America’s vast infrastructure network that is so fundamental to our economy, environment, public health, and safety. As the “Voice of Public Works,” APWA represents its members in a nonpartisan manner and advocates for federal emergency management, transportation, and water resiliency policies in Washington, D.C. Accordingly, APWA appreciates the opportunity to provide comments on the Office of Management and Budget’s (OMB) proposed revisions to the Guidance for Federal-Financial Assistance in advance of its proposed, effective deadline of October 1, 2026.

Each year, federal grants and the overall grant process touch the lives of countless Americans. Impacting nearly every community across our nation, grants provide incalculable value to the American way of life and are critical tools for public works professionals to achieve their mission of ensuring public safety, maintaining infrastructure at every level, and fostering and sustaining economic growth and prompting prosperity, all the while ensuring that our nation remains connected. From bridges, roads, and mass transit systems to stormwater drainage and recreational facilities, public works professionals are at the forefront of it all.

OMB stated in its preamble that the goal of this rule is to “improve transparency, accountability, and oversight for Federal awards across the Federal Government,” and APWA is encouraged by the desire to increase efficiencies while ensuring that taxpayer dollars are responsibly stewarded. These changes would ensure public confidence in the methods and results of the grantmaking process, and efforts aimed at streamlining the system would help ensure effective and timely delivery of critical projects. These proposed changes will impact the federal award lifecycle at nearly every stage.

While APWA supports the spirit of this rulemaking, we believe that some of the recommendations could result in unintended consequences, ultimately creating a more onerous process that involves more paperwork—rather than less, and will make it more difficult for communities of all shapes and sizes to deliver on critical infrastructure projects.

PRESIDENT
Vic Bienes, P.E.

CHIEF EXECUTIVE OFFICER
Scott D. Grayson, CAE



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Reclassification from Guidance to Binding Regulation - §§ 1.105, § 200.110

OMB's proposal to reclassify 2 CFR Subtitle A from guidance to binding federal regulation would centralize the federal financial assistance rulemaking process. While this may provide more cross-government consistency, it would remove stakeholder engagement from the individual agency grant establishment process. Every agency has a unique mission with different programmatic goals. These inform their request for proposals (RFPs), information (RFIs), and qualifications (RFQs).

APWA recommends keeping 2 CFR Subtitle A as guidance. Our members regularly interact with the departments of Transportation, Labor, Education, Homeland Security, the Environmental Protection Agency and offices within each of these agencies. By keeping the regulations separate, rather than all under OMB, agencies can award financial assistance based on individual priorities and applicants can strategically direct applications to the agency programs directly impacting the work.

New Pre-Award Review and Risk Evaluation Requirements - § 200.205; § 200.206

The proposed language would mandate the pre-award review of grant applications by senior federal agency officials, and introduce heightened risk evaluations of applicants and their applications prior to issuance of an award. While federal scrutiny to ensure compliance with the law is of critical importance, these increased requirements may negatively impact first-time applicants and disincentivize small and rural communities from applying for grants in the first place.

APWA recommends OMB clearly define the parameters and criteria for pre-award review. Clear, plain language can help to create a smooth process from the beginning, resulting in less administrative burden. For small and rural communities, or those without staff dedicated to grant management, understanding the legal requirements at the beginning of the process will help them plan accordingly and maximize their success.

Domestic Preferences for Procurement § 200.322

APWA recognizes the importance of Build America Buy America and prioritizing domestic products for procurement. However, as proposed in 2 CFR, § 200.322, the result could increase compliance costs, slow down projects, and require burdensome subrecipient oversight and reporting. While large cities may be able to accommodate these requirements in terms of time and cost, small cities, counties, and rural public works agencies will be unable to do so. One of the greatest challenges of the *Infrastructure Investment and Jobs Act* (IIJA) is the difficulty small and rural communities have in accessing funding. Adding more compliance requirements to a process, which itself is cumbersome for first-time applicants, could delay critical infrastructure projects in areas which need them the most.

Additionally, the language that states, "this newly proposed provision could require agencies to apply domestic manufacturing requirements for a broader range of grant activities," creates uncertainty about project management expectations and, paradoxically, could make it harder for recipients of federal funding assistance to verify adherence to these

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new standards and rules. Municipal capital improvement plans establish a five-to-ten-year outlook for infrastructure maintenance in communities of all sizes, which informs long-term budget and decision making. Ambiguous requirements are detrimental to this planning because they create uncertainty. Also, enforcement can be inconsistent.

Expanded Federal Termination Authority - § 200.339; § 200.340; § 200.34

While project duration depends heavily on size and scope and is sometimes impacted by unforeseen factors and unexpected delays, like supply chain disruptions, most infrastructure projects can easily extend years beyond the original timeline. While those responsible for the completion of critical infrastructure projects do their best to account for these factors from the outset of the process, OMB's proposed change to at-will termination and suspension could lead to projects being terminated for vague reasons. The possibility of funding termination at any point, based on changed federal priorities, would severely harm the process for long-term infrastructure planning and create immense fiscal risk. For example, ongoing relief and rebuilding efforts in the wake of Hurricane Helene in North Carolina, and in Los Angeles in the wake of the 2025 wildfires, could be hamstrung by changing federal priorities, which could trigger award termination. Just like a business, regulatory uncertainty for local governments results in difficulty securing financing for multi-year projects as well as deferred maintenance for infrastructure projects critical to public health and safety.

While projects and grant recipients must follow the law and adhere to the guidelines of eligibility, there remains significant ambiguity in the phrase "not effective at achieving program goals or Federal agency priorities, or that an agency otherwise determines is no longer in the Federal Government's interest." The addition of "discretionary interest" language injects extremely broad and ambiguous metrics that could allow agencies to terminate awards following an assessment an award may not align with current administrative priorities, even if the recipient is otherwise in full compliance with all other award terms. Particularly with disaster and mitigation grants, flexibility in how funding may be used is key. Recognizing that federal agency priorities are subject to change, the uncertainty associated with potential loss of project funding could lead to program inefficiencies, an unwillingness to invest in important infrastructure projects, and possible cost overruns due to delays.

Additionally, this provision stipulates that only a brief explanation for a project's termination is required, removes hearing rights, and places wind-down cost recovery at the full discretion of the awarding agency. Combined, this creates unpredictable risk that potential grant recipients may deem too costly and therefore opt out of utilizing federal funding. The goal of this proposed rule is to make grants more efficient. However, the proposed change undermines that by creating a potential lack of confidence in the process. Communities and those applying for, and benefiting from grants, would be best served if OMB were to consider limiting termination authority to current guidance rather than expanding it.

Conference attendance: § 200.432(b)

Although APWA is not a direct recipient of federal funding as a 501(c)(3), APWA provides critical education and training to our members and the public. We provide this through two large conferences every year. For example, thousands of APWA members and non-members attend PWX (Public Works Expo), APWA's annual, flagship conference to share best practices

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and earn continuing education credits required by state licensing boards to maintain professional engineering licenses. Additionally, there are employers who attend PWX and other organizations' conferences and national events to speak about federal programs and opportunities. This steady and ongoing exchange of knowledge is critical to the public works and infrastructure industry. The proposal to mandate that conference attendance is chargeable only if expressly approved by an awarding agency, and written in the award's terms and conditions, could adversely impact grant performance outcomes and key professional relationships, as well as affect (?) multiple industries key to keeping our country running. Requiring event-by-event written approval could cause constant change to the award itself and negatively impact budgetary planning.

In an industry already experiencing workforce challenges, ensuring public works professionals and all those who work to maintain our nation's infrastructure have maximum access to conferences and continuing education opportunities is a critical component for strengthening America's essential infrastructure.

Conclusion

As OMB considers these and other comments, APWA appreciates the opportunity to share our professional perspective and reinforce the importance of predictability, certainty, and openness in the federal grants process. Representing a significant change to federal grants and promising to impact every applicant and step of the process, these proposals must strike a proper balance between increasing public confidence and trust and effectively investing taxpayer money, while not unduly burdening applicants. It is important to foster efficient project delivery while ensuring thorough review and considering that infrastructure projects often extend across multiple administrations. As OMB works towards its goal of the stated October 1, 2026, deadline, APWA remains committed to being the "Voice of Public Works" and advocating for the responsible stewardship of federal grants and for the public works professionals and agencies who utilize them to deliver economic prosperity, safety, and resilience to each community across our nation. If you have any questions, please contact APWA's Director of Government & Public Affairs, Andrea Eales, at 202-218-6730, or at aeales@apwa.org.

Sincerely,

A handwritten signature in black ink, reading "Scott D. Grayson". The signature is fluid and cursive, with a long horizontal line extending from the end.

Scott D. Grayson, CAE
Chief Executive Officer

PRESIDENT
Vic Bienes, P.E.

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