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Russell Vought, Director, Office of Management and Budget
The Honorable Mike Johnson, Speaker of the United States House of Representatives, U.S.
House of Representatives
The Honorable Hakeem Jeffries, Minority Leader, U.S. House of Representatives
The Honorable John Thune, Majority Leader, United States Senate
The Honorable Charles Schumer, Minority Leader, United States Senate

July 13, 2026

**RE: Notice of Proposed Rulemaking: Regulation for Federal Financial Assistance, OMB
Docket No. OMB-2026-0034**

To whom it may concern,

By notice issued on 5/29/26, the Office of Management and Budget (OMB, henceforth “the Office”) has published proposals for establishing a new set of guidelines for the provision and award of grants and other federal funds to nonprofit organizations at Title 2 of the Code of Federal Regulations (2 CFR.) **Hispanic Federation (HF)** respectfully submits the following comment in response to OMB request for comment on the Regulation for Federal Financial Assistance, OMB Docket No. OMB-2026-0034 (henceforth “the Rule.”) Ultimately, Hispanic Federation strongly advises the Office to withdraw many of the provisions contained in this proposed rulemaking as they are likely to impose significant material burden upon community-based organizations like ours. Likewise, the Rule would also create considerable confusion about which types of programming were permitted, ultimately requiring organizations like ours to devote more resources toward ensuring compliance with arbitrary requirements, reducing the scope of services provided to communities. Ultimately, the Rule would inflict more severe material hardship upon small entities like Hispanic Federation as well as those in HF’s network than anticipated in the Regulatory Impact Analysis, harm vulnerable communities, and worsen burdens on taxpayers, and should be withdrawn.

1. Hispanic Federation Interest in Rule

Hispanic Federation has decades of experience operating our own nonprofit, community-driven programming, and supporting that of our many partners. Indeed, Hispanic Federation plays a pivotal role in communities across the country as a vital lifeline for over 840 Latino community-based organizations in 43 states and territories. Last year alone, we invested over \$27 million to strengthen our frontline service institutions, provided legal assistance to 60,000 immigrants, fed more than 340,000 vulnerable individuals and mobilized over 130 CBO leaders to improve community health, climate resilience, and educational opportunities nationwide. Through those efforts and more, we have attained a robust base of experience and expertise which inform our recommendations on the proposed rulemaking.

Per OMB's invitation to interested parties to submit relevant written data, views, or arguments on the notice, we address here the proposal's potentially harmful consequences in the administration and provision of nonprofit, community-based programs. If implemented as suggested, the proposals would impose new clerical and bureaucratic burdens on essential organizations while also creating undue confusion about past and future legal compliance requirements. Simultaneously, its terms could feasibly lead to eligible, law-abiding organizations choosing to forgo federal funding opportunities, compromising community-oriented services and undermining the ability of the federal government to execute appropriations. Furthermore, the Rule would create conflicting or even contradictory civil rights obligations, undermining OMB's stated goal of promoting nondiscrimination in federal funding. Additionally, the Rule would prove deleterious to local economies and service availability and harm broad swaths of research in confounding the role of peer review. In turn, we urge OMB not to pursue these proposals.

2. Role of Nonprofits

Nonprofit, community-based organizations are part of the infrastructure of American society. After-school programs train and protect our children. Federally-qualified health clinics keep us healthy and on our feet. Resume workshops and jobs-training programs keep us at the cutting edge of economic innovation. Legal aid work ensures a healthy and robust judicial system, while civic engagement supports the representativeness of our democratic republic. Community kitchens keep our neighbors fed, while shelters protect our most vulnerable. Colleges expand our intellectual horizons, and churches nourish our spirits. This myriad of work is unified in both community-driven missions and support through nonprofit protections.

Nonprofit community-based organizations step in to fill vital service niches in their communities, and grant funds only facilitate that work. For instance, in 2024 alone, Hispanic Federation provided over 300,000 meals, dispersed over \$700,000 in disaster relief grants, and distributed \$35 million in income relief to food- and farmworkers via a USDA grant. Over the past few years, the nonprofit sector has contributed approximately \$2 trillion to the GDP, providing essential services to their communities while mitigating strain on bureaucratic resources and taxpayer dollars.¹ Meanwhile, surveys routinely that Americans hold greater trust and faith in nonprofit and community-based organizations than they do

¹ <https://www.councilofnonprofits.org/about-americas-nonprofits/economic-impact-nonprofits>

government across all levels – federal, state, or local.² Nonprofits have earned this trust and reputation via a fierce commitment to their communities, work performed despite typically small operating budgets. Indeed, the vast majority of nonprofits operate on annual budgets of under \$500,000, underscoring their mission-driven focus.³ Nonprofits and their employees pay a price for this mission-driven work, however. On average, nonprofit employees earn less than their peers in similar roles in government and in the business sector.⁴ Likewise, the costs of nonprofits' flexible and responsive programmatic-community positioning are legal, fiscal limitations and attenuation to difficult market conditions⁵ that lead to delicate budgetary sensitivities.⁶

One need look no further than the example of nonprofit provision of health care to understand just how indispensable, nonprofit organizations are to the communities they serve, particularly in low-income areas that would otherwise face care deserts.⁷ Many health care facilities, ranging from hospitals to federally qualified health clinics are either themselves 501(c)(3)'s or otherwise are nonprofits with health care-focused missions.⁸ Nonprofit health care providers not only offer lifesaving care but also irreplaceable culturally competent interlocution between best practice medical standards and the communities they serve. Meanwhile, the U.S. faces a growing postsecondary training cliff, with medical professions facing increasingly perilous shortages.⁹ As such, care gaps in high needs communities will only grow, and with them the demand for the kind of culturally relevant that nonprofit health care providers offer. These same dynamics hold across education, hunger relief, disaster recovery, economic and entrepreneurial development, and more where community need increasingly outstrips the capacity of state and local government and for-profit enterprises, leaving nonprofits to fill the gap, even amid challenging fiscal and regulatory environments. OMB's proposed changes therefore come at a critical juncture in the nonprofit landscape, and is only likely to exacerbate negative pressures on community-based organizations.

3. The proposals would increase the burden on nonprofits far more than the OMB Regulatory Impact analysis suggests

² <https://extension.unh.edu/resource/understanding-public-trust-local-level>

³ <https://www.nonprofitimpactmatters.org/data/downloadable-charts/>

⁴ <https://www.nonprofitpro.com/post/many-nonprofit-employees-dont-make-thriving-wage/> (Accessed 9/16/25.)

⁵ <https://libjournals.unca.edu/ncur/wp-content/uploads/2021/08/752-Lamberton.pdf>;
https://www.researchgate.net/profile/Felicia-Sullivan/publication/265216534_Nonprofit_Responses_to_Financial_Uncertainty_How_Does_Financial_Vulnerability_Shape_Nonprofit_Collaboration/links/544b03b40cf24b5d6c3ec42c/Nonprofit-Responses-to-Financial-Uncertainty-How-Does-Financial-Vulnerability-Shape-Nonprofit-Collaboration.pdf

⁶ <https://www.councilofnonprofits.org/files/media/documents/2023/2023-nonprofit-workforce-survey-results.pdf>, 11-13.

⁷ <https://www.americanprogress.org/article/nonprofit-hospitals-can-support-communities-advance-public-health/> (Accessed 9/17/25.) <https://www.get-carrot.com/blog/what-are-care-deserts> (Accessed 9/17/25.)

Underinvested communities are particularly vulnerable to maternal care deserts, further amplifying the need for nonprofit health care providers. <https://www.marchofdimes.org/maternity-care-deserts-report> (Accessed 9/17/25.)

⁸ <https://panaceafinancial.com/resources/public-service-loan-forgiveness-for-doctors/> (Accessed 9/17/25.)

⁹ <https://www.highereddive.com/news/us-faces-shortfall-of-53m-college-educated-workers-by-2032/760155/> (Accessed 9/17/25.)

OMB is correct in noting that small entity, including the 40 percent of covered, unique recipients, are likely to “incur administrative costs,” but argues that these are likely to be “modest and primarily administrative in nature.”¹⁰ The Office offers little evidence for this claim, aside from the oblique argument that administrative costs are, by nature, modest. This argument is belied by the reality under which organizations including Hispanic Federation operate. In turn, it is our firm expectation that the Rule would likely impose steep, material costs upon small entities like those in Hispanic Federation’s network, and warrants more robust regulatory analysis by OMB, and that consequently the Rule must be withheld until such an analysis may be conducted and underlying impacts justified.

3.1. The Rule would increase the overhead for fiscal compliance and red tape [200.201, 200.205, 200.207, 200.208, 200.333, 200.340, 200.341, 200.342, 200.343]

The process by which nonprofit organizations like Hispanic Federation ensure compliance with federal fiscal and programmatic regulations, even from the earliest stages of NOFO targeting and fiscal applications, is lengthy. Organizations assess the proposed scope of work, ascertain its alignment with organizational priorities and capacity, prepare sample budgets, including staffing and procurements, scope of work, and project planning, each of which requires numerous layers of market analysis, previous project and performance view, and proposal drafting, all requiring considerable manhours, or even dedicated staff. The proposed changes to each of the enumerated sections of 2 CFR would complicate this process. Changes permitting federal agencies increased latitude to modify the contracted terms of work for weeks after initial contract acceptance will enforce nonprofit organizations to make a difficult choice between moving immediately into agreed upon work to ensure that they meet contracted deadlines but risk wasted work in the event that federal agencies modify requirements, or demur from full commitment to the contracted programmatic work, thereby risking deadline compliance. Each of these scenarios carries real risk for nonprofit organizations while simultaneously setting up a plausible scenario that the quality of federally funded work may suffer as organizations seek to thread the needle.

Likewise, so too would the expanded remit by federal agencies to suspend or cancel funding disrupt taxpayer funded programs. The outcomes of community-based, grant-funded work typically unfold logarithmically, rather than linearly: purpose-aligned outcomes are clustered beyond the commencement of work, rather than evenly distributed throughout the service period. This outcome pattern is a function of the research, community outreach, and long-term investments required to effect the sort of change desired by federal agencies. The disruption of grant-funded work, whether by suspension or termination, would therefore tend to disproportionately truncate the outcomes of work. To stave off mid-cycle suspension or termination, organizations may be compelled to reduce research, planning, and investment in their workflows, to ensure that they produce desired outcomes at a more even pace, ultimately reducing the overall efficacy of programs for the sake of performative outcomes. Such responses would therefore decrease the efficiency of taxpayer dollars and the quality of community service. The perverse incentives these modifications would introduce therefore flout the intention of OMB elsewhere, in introducing the standard option for multiyear grant contracts.

¹⁰ RIA – Small Entities, 4.

OMB also proposes functionally eliminating the provision of fixed-dollar awards. Doing so would definitionally increase the administrative burden on all nonprofit organizations which had previously operated under fixed-dollar contracts. OMB only briefly heeds the impact of removing the definition at 200.201(b) in the overall RIA, while neglecting it entirely in the small entities impact. OMB argues that they expect the effect of the change to be minimal but dependent upon the number of programs operating under those terms. This perspective only considers the breadth of such changes though, rather than their depth. The previous limit on fixed-dollar awards was \$500,000, roughly the threshold under which most nonprofit organizations operate annually. Many of these smaller organizations lack the capacity to retain the services of full compliance specialists, and as such may only reasonably be able to apply to fixed-dollar awards. In turn, these organizations would be functionally denied the ability to compete for these awards, potentially eroding much of their operating capacity beyond OMB's cursory examination.

The Rule would also impose steeply burdensome requirements of personal and programmatic compliance and alignment that would increase administrative costs across all nonprofit organizations, not merely smaller ones. 501(c)(3) nonprofit organizations like Hispanic Federation of course operate under strictly nonpartisan guidelines. Nonetheless, OMB would require all Congressionally appropriated grant-funded programming undergo review and approval by political appointees. In turn, to indemnify their applications for funding against negative findings by appointees – who may themselves hold little formal training in the programmatic questions at hand – nonprofit organizations will be forced to conduct political research into appointees' priorities and past interpretive positions. These requirements will not only increase the labor hours, and therefore costs, of funding applications, but may also open organizations to increased political scrutiny. These same principles apply to expanded requirements for reporting of staff likely assigned to grant-funded work and new scrutiny of personal group affiliations. Nonprofit applicants for funding will not only be forced to expend significantly greater resources seeking proactive compliance with these requirements, but may also be denied a competitive opportunity for funding based on protected characteristics, including right to assembly, petition, or speech. These challenges would be exacerbated by the administrative bottleneck of forcing all funding decisions to proceed through a limited number of political appointees, which would necessarily lead to a more protracted funding process. OMB however does not adequately consider these as significant costs, and as such the Rule should be withheld or discarded.

Proposed requirements that regulated agencies rely on E-Verify, the Do Not Pay system and mandatory disclosures as a matter of course would similarly impede proactive compliance efforts by nonprofit organizations as well. When combined with transformations in payment requirements, changes to federal monitoring and program performance evaluation and the heightened stringency of requirements imposed on passthrough entities, the compound effect would clearly drive many small entity nonprofits out of direct and indirect federally-funded work entirely, in turn virtually shuttering those smaller organizations with the greatest reliance upon government funding. In their place would remain only those organizations large enough for dedicated compliance analytics staff, resulting in a far greater impact than OMB predicts.

4. The Proposals would undermine community-based work through chilling effects and bureaucratic confusion [200.202, 200.205, 200.206, 200.339]

The proposed changes at the highlighted sections of 2 CFR each propose confounding and harmful additions that will only serve to confuse the legal bounds of civil rights protections, and will ultimately contribute to increased administrative burden on small nonprofits while contributing to a regrettable loss in services rendered to communities. OMB proposes the addition of multiple layers of political appointee review of funding decisions in order to end what it terms “illegal preferences and discrimination” under terms aligned with Executive Orders and the Supreme Court Decision in *Students for Fair Admission v. Harvard*. Simultaneously, OMB proposes granting private cause of action to enforce such restrictions and seeks to extend pre-award review into personal and group affiliations. The regulatory regime these new requirements would create is disastrously murky.

At core, the underlying regulatory proposals are duplicative of extant regulatory compliance mechanisms and duplicative of statutory obligations. OMB posits adding a robust clarification of legal prohibitions against “unlawful discrimination based on protected characteristics,” citing, among others, Titles VI and VII of the Civil Rights Act of 1964. Status quo ante general certifications for financial assistance, however, already include direct references to these provisions of federal law.¹¹ In turn, the Executive Branch documents the Rule highlights¹² are themselves largely elaborations upon Administration priorities for enforcement of preexisting statute, including the Civil Rights Act of 1964. Practices that were illegal under relevant legislation were of course illegal from the time they went into effect, prior to the promulgation of those orders, and have similarly remained illegal in their aftermath. Incorporating these orders is therefore redundant per se. Consequently, the revisions would impose expanded burden upon applicants for and recipients of federal funding for little novel purpose. Indeed, the prospect of imposing this burden is rendered all the more confounding by virtue of the complex, unresolved judicial interpretation of the materials the OMB proposes foregrounding in the funding process.¹³

Caselaw on recent executive pursuit of actions under the listed Executive Orders has been strikingly uneven, with multiple courts finding against agency actions.¹⁴ Likewise, the Supreme Court itself in *SFFA* outlined numerous, lawful paths by which institutions could lawfully continue to seek to expand the demographic profile of enrolled students without running afoul of the particulars of Title VI of the Civil Rights Act. OMB declines to clearly outline a test for how programs will be assessed within this environment, leaving it to funding applicants to chart their own paths forward, and presumably for adjudicating appointees to assess independently, even amid ongoing judicial scrutiny and despite the lowered deference owed to federal executive officials in the aftermath of the Court’s decision in *Loper Bright*. In turn, organizations may demur from pursuing funding out of legal confusion, or be forced to

¹¹ OMB, Rule.

¹² Department of Justice “Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination” (July 29, 2025) (<https://www.justice.gov/ag/media/1409486/dl>); Executive Order (E.O.) 14173 of January 21, 2025, Ending Illegal Discrimination and Restoring Merit-Based Opportunity (<https://www.federalregister.gov/documents/2025/01/31/2025-02097/ending-illegal-discrimination-and-restoring-merit-based-opportunity>)

¹³ I.e.: <https://www.jdsupra.com/legalnews/dei-executive-orders-under-fire-two-2479735/> (Accessed 3/26/26); <https://www.brookings.edu/articles/an-executive-order-explainer-why-the-courts-will-have-the-final-say-on-trumps-anti-dei-actions/>. (accessed 3/26/26.)

¹⁴ See, for instance, *Rhode Island Latino Arts v. National Endowment for the Arts*, 1:25-cv-00079; *Southern Education Foundation v. United States Department of Education (D.D.C.)*, 1:25-cv-01079, *American Federation of Teachers v. U.S. Department of Education (D. Md.)*, 1:25-cv-00628.

invest additional resources into political and legal review of an ever-shifting judicial landscape prior to applying for or accepting federal funds. Likewise, permitting private cause of action in such an uncertain environment will only necessitate further legal and analytic expenses by nonprofit organizations and enable spurious lawsuits against organizations pursuing wholly nondiscriminatory community-based work. OMB does not meaningfully engage with these the associated material costs of these complications, particularly the potential costs associated with private cause of action and tort compensation. Additionally, these costs would only be compounded in conjunction with OMB's proposals to expand mid-contract suspension and termination of funding. Overly sensitive responses to evolving judicial precedent could lead to overeager and vacillating funding alterations, jeopardizing both the fiscal solvency of smaller organizations and the underlying work they perform.

Ultimately, it is unclear what outstanding need the proposed regulatory changes under this section make that are not already addressed by extant requirements. The introduction of these outlined changes will therefore only serve to introduce uncertainty to applicants. This uncertainty will be compounded by the lack of clarity in both the framing certification language and the underlying statutes. In turn, many legally-compliant, eligible organizations may ultimately be led to believe that lawful programs are no longer eligible, or otherwise fear that their programs will face undeserved scrutiny by virtue of the communities they serve. The result will be a deleterious chilling effect on community-based work among organizations who serve marginalized or otherwise vulnerable communities, whether through nutritional, educational, medical, or other initiatives. Consequently, the government's capacity to pursue the very sorts of community-based programming that Congressional appropriations are designed to facilitate would be greatly diminished. In light of these predictable consequences, in conjunction with the essential role played by nonprofit organizations in American communities, we urge OMB not to proceed with the proposed modifications to 2 CFR.

5. The Rule would raise earnest questions about civil rights applicability and harms [200.202, 200.205, 200.111, 200.218, 200.300, 200.339]

Many of the same provisions discussed above would not only prove materially harmful to the daily conduct of nonprofit organizations but also likely contribute to civil rights violations of those organizations themselves and the communities they serve, undermining the stated intention of OMB in this rulemaking. OMB's proposals for requiring review of funding by political appointees, restriction of disparate impact liability, linguistic restrictions, and programmatic focus restrictions each could contribute to direct civil rights violations, while the clarification on guidelines against lobbying and civic engagement activity could prompt an indirect chilling effect on first amendment rights.

OMB proposes major revisions to programmatic review that would effectively bar any work it deems to fall under the umbrella of 'DEI' to be discriminatory, as well as beyond the scope of executive branch policy, and therefore ineligible for federal funding. However, the Office does not provide a clear definition of what sorts of programming would fall under this interpretation of discriminatory DEI. Instead, OMB suggests that these determinations would largely be conducted by political appointees, irrespective of their experience in either civil rights law or with the programmatic areas under consideration. These same caveats apply to the parallel proposal that funding be barred from initiatives aimed at serving members of the LGBTQ+ community, particularly transgender Americans. Thus, not

only will the Rule be facially vague, but also subject to potentially capricious implementation by political appointees – appointees who have been entitled to lesser judicial deference since the Supreme Court’s ruling in *Loper Bright*. These are not hypothetical concerns; numerous federal courts have granted preliminary or final judgement that executive branch efforts to restrict program funding deemed discriminatory on DEI grounds were unlawful. These efforts and findings have not been randomly targeted, but instead seem to have landed disproportionately upon minority communities, including, ironically, those defined by characteristics protected under civil rights law like race and national origin.¹⁵ Against a backdrop of judicial and regulatory uncertainty, the Rule risks enabling a counterproductive environment in which programmatic funding is blocked, suspended, or terminated purely because those programs were positioned in communities that happen to be for instance, Latino, Black, Asian, LGBTQ+, or veteran-heavy. It is therefore entirely plausible that the Rule would introduce widespread structural discrimination against vulnerable communities across the United States.

The civil rights violations inflicted by proposed restrictions on funding projects associated with serving minority communities would only be exacerbated by the requirements that political appointees take a leading role in project funding review. In contrast to career officials whose expertise in their subject areas is affirmed by the intensive, meritocratic federal hiring process, appointed officials are not required to demonstrate the same subject affinity and expertise. The Rule raises the prospect that appointees of any potential Administration could misinterpret nondiscriminatory programs as legally barred ones, leading to their exclusion, suspension, or termination. These concerns are not hypothetical; independent reviews have found that over the last eighteen months, an outsized proportion of frozen or cancelled funding was approved or earmarked for research or community-services for racial-ethnic minorities. Nonetheless, civil rights are not subject to the vicissitudes of political fortune; exposing their interpretation on material matters like individual funding decisions would undermine this core principle.

These concerns dovetail with OMB’s proposed restrictions on disparate impact liability considerations. Disparate impact considerations are a core component of civil rights law, supported by judicial precedent and statute.¹⁶ Nevertheless, OMB proposes barring consideration of disparate impact in conducting federally funded projects. It is not clear how federal agencies can meet their statutory civil rights requirements to ensure protection against discriminatory disparate impact while barring the consideration of those selfsame impacts by those who do work in conjunction with the federal government. There is no clear means by which executive agencies could forswear disparate impact studies, conditions, or guidance without flouting the intent, statute, and judicial interpretation of key civil rights legislation.

Landmark civil rights legislation such as the Fair Housing Act as drafted and amended has proven effective at eliminating the worst versions of housing segregation, including not only racially restrictive covenants and egregious marketing and real estate showing practices, but also wider spread challenges to fair housing, many stemming from what Orlando Patterson referred to as “Acts of History,”¹⁷ including redlining, necessitated legislation which case cast a wider net, including through disparate impact

¹⁵ See, for example, the extent of canceled funding aimed at medical research focused on racial and ethnic minorities, versus that at other groups.

¹⁶ The Disparate Impact doctrine was, of course, upheld by the Supreme Court in *Texas Department of Housing and Community Affairs v The Inclusive Communities Project*.

¹⁷ Nier, 664.

considerations. Nondiscriminatory access to housing, for instance, irrespective of national origin, was a core component of dismantling Jim Crow era redlining policies, and in the Act's maintenance in the years and decades following the Supreme Court's rulings in *Shelley v. Cramer* and *Jones v. Mayer*, ruling racially-restrictive covenants and racially-discriminatory leasing practices unconstitutional, respectively. The resultant capacious understanding of disparate impact in housing access has undergirded housing legislation and regulatory enforcement, including the statutes whose implementation the Rule seeks to modify.¹⁸

It is of course not simply housing programs and policies which are subjected to a disparate impact standard, however. Federal disaster response and recovery programs under FEMA are also required to operate under disparate impact considerations, reflecting the deep history of discriminatory responses in disaster management.¹⁹ Latinos, for instance, are already disproportionately vulnerable to natural disasters as a result of both geographic vulnerability²⁰ and built-environment factors, speaking to the necessity of these standards.²¹ Likewise, court cases have found that Title VII does in fact impart disparate impact protections onto minority workers, findings supported by longstanding racial-ethnic wage gaps.²² With federal funds supporting programs ranging from housing aid to workforce development, it is unclear how agencies would be able to comply with OMB's proposal and their civil rights obligations simultaneously. Indeed, it seems likely that the proposal would in fact lead to an exacerbation of disparate impact violations, including along protected characteristics including family status, race-ethnicity, and national origin. Likewise, given that many of the community-based organizations scaling back their work out of the fears of improper scrutiny described above serve communities based on protected status; consequently, the Rule may itself engender a discriminatory disparate impact. As such, it should be withdrawn.

¹⁸ Research has shown that Latino and Black households both face disproportionately greater threat and rates thereof eviction than do non-Hispanic White and Asian peer households. These disparities even exist within similar levels of income and rent-burden, as Latino and Black households have lower levels of overall household wealth and wealth liquidity, leading to greater challenges at weathering income-shock.: Deena Greenberg, Carl Gerhenson, and Matthew Desmond, "Discrimination in Evictions: Empirical Evidence and Legal Challenges," *Harvard Civil Rights-Civil Liberties Law Review*, vol. 51; Sophia Wedeen "Black and Hispanic Renters Face Greatest Threat of Eviction in Pandemic," *Joint Center for Housing Studies*, <https://www.jchs.harvard.edu/blog/black-and-hispanic-renters-face-greatest-threat-eviction-pandemic>, (Accessed 4/27/26); "Understanding and Addressing Racial and Ethnic Disparities in Housing," *Bipartisan Policy Center*, 2021. <https://bipartisanpolicy.org/report/understanding-and-addressing-racial-and-ethnic-disparities-in-housing/> (Accessed 4/27/26.).

¹⁹ FEMA has assessed under self-review that the administration is subject to disparate impact standards under 44 CFR Subpart A. <https://www.usccr.gov/files/2022-09/2022-statutory-report-fema.pdf>, 35, which also highlights holding precedent *Franks v. Ross*, 293 F.Supp.2d 599 (E.D.N.C.,2003).

²⁰ Environmental Protection Agency, *Climate Change and Social Vulnerability in the United States: A Focus on Six Impacts*, U.S. Environmental Protection Agency, EPA 430-R-21-003. 78-80. www.epa.gov/cira/social-vulnerability-report

²¹ Melinda L. Lewis et al., "Stay or Go! Challenges for Hispanic Families Preceding Hurricanes: Lessons Learned," *Journal of Family Strengths*, Vol. 19: Issue 1, Article 3. 2019; Samantha Friedman et al., "Hispanic Disaster Preparedness in the United States, 2017: Examining the Association with Residential Characteristics," *Cityscape*, Vol. 23, Issue 3. 2021. 205-239.

²² Congressional Research Service, IF13057, https://www.congress.gov/crs_external_products/IF/PDF/IF13057/IF13057.1.pdf

OMB further proposes changes that would effectively require all federal grantmaking activity be conducted in English. To operate effectively, community-based organizations operate in the language(s) employed in the communities they serve. Particularly among vulnerable communities, that language is often not English. Hispanic Federation, for example, operates numerous programs as well as an office, in Puerto Rico, where Spanish is an official language and by far the predominant language used in schools, commerce, and the legal system. The Rule would hinder such work, jeopardizing the ability of non-English speaking communities to successfully apply for federal funding and imposing severe barriers to proper compliance for such communities. In further point of order, language access is protected under civil rights law as a function of national origin. Consequently, not only is the Rule likely to undermine the work of organizations this ours and many in our network, but it also raises clear civil rights questions, and as such should be withdrawn.

Additionally, the Rule would implement expanded limitations on lobbying and voter participation work, as well as enhanced scrutiny of the group affiliations of staff slated to work on federally funded projects. Hispanic Federation cautions that these expanded criteria and clarifications will doubtless lead to increased hesitancy to apply for federally funded projects whose outcomes would be augmented by specific policy reforms, as well as increased self-censorship. The result would be an unconscionable reduction in First and Ninth Amendment rights, including those to speech, petition, and assembly, and reserved rights, any one of which would be sufficiently arbitrary to warrant the Rule's withdrawal.

6. The Proposals would impose far greater cost – and harm – upon communities than OMB estimates in the Regulatory Impact Analysis [200.202, 200.205, 200.218, 200.300]

Above and beyond the costs likely to be inflicted on nonprofit organizations like Hispanic Federation and our network members and partners enumerated above, we also anticipate that several of these changes would also prompt direct and downstream harms that OMB fails to consider in its regulatory analyses. Chiefly, the restrictions on disparate impact considerations, the expanded role and associated administrative burden of operating under funding overseen by political appointees, and the restrictions on funding projects that support racial-ethnic, sexual, and gender minorities as well as environmentally vulnerable groups will each lead to a decrease in the total amount of charitable work conducted in those selfsame vulnerable communities.

Likewise, these changes will undermine scientific and research independence, displacing effective peer review in favor of subjective political analyses of research into everything from disaster recovery to novel neurological treatments. Given the scale of the nonprofit sector and its many intersections with local, small business commerce, the reduction in direct services and targeted research will ultimately contribute to local economic deprivation. OMB does these communities a disservice in not exploring the scale of these downstream and associated effects to small businesses and working families. The Rule will also displace the role of traditional, bipartisan Congressional appropriations in community-based funding. These funding provisions have been essential in effecting Congressional statutory intent and in facilitating the passage of annual funding bills; in undermining them, the Rule will potentially lead to greater taxpayer costs in lost statutory activity and hindered Congressional negotiations.

7. Slight benefits from select provisions of Rule [200.112, 200.202, 200.204, 200.454]

Amid these many detrimental impacts from the Rule, Hispanic Federation nonetheless acknowledges select provisions which would be beneficial to the charitable nonprofit sector, and encourages their adoption in later Rulemaking. The proposed implementation of multiyear awards as a matter of course could permit nonprofit organizations to undertake longer-term projects, with deeper research and community outreach and midcycle fine-tuning, all without the administrative burden of annual recompetes or parallel contract bidding, ultimately permitting more robust outcomes. However, we note that the effects of this provision would be severely undermined by the proposed expansion of latitude for suspension and termination, which would simply hinder nonprofit organizations from focusing on effectively rendering services for the duration of the multi-year term.

Separately, Hispanic Federation notes with optimism the proposed requirement that all federal agencies publish NOFOs publicly on Grants.gov; this proposal would facilitate smaller nonprofits' ability to discover and apply for aligned funding opportunities, reducing administrative overhead. We also support proposals for examining commercial conflict of interest in awarding funds, though urge clearer guidelines on what those would entail, and propose negotiated rulemaking as a means by which those guidelines may be established. Finally, we are glad to see OMB addressing longstanding nonprofit community concerns over the use of grant funds for social club membership, which have contributed to not only misuse of funds but also anticompetitive access for those who unscrupulously took advantage of that loophole.

8. Hispanic Federation Serving Community-Oriented Initiatives

Hispanic Federation and its network have been supporting local communities through nonprofit, service-based work for decades across fields ranging from workforce development, health care support, and educational attainment programming. As an umbrella organization, Hispanic Federation has a proven track record of designing and launching national, state-wide, and locally focused nonprofit programs of precisely the type that the federal funding is intended to facilitate. Examples of Hispanic Federation's community-based work in 2025 alone include:

- Providing more than \$27 million to support 420 organizations across the country
- Supporting 60,000 immigrants through wraparound services, administrative and bureaucratic aid services, and more.
- Improving educational outcomes for 3,000 students and parents via direct training on early childhood literacy, college/career readiness, mentorships, and leadership development.
- Uplifting 8,500 individuals with digital skills training, leading to 1,400 job placements and nearly 1,000 AI program certifications.
- Bringing together more than 1,700 people for HF's FUERZAfest LGBTQ+ Arts festival.
- Feeding 85,000 vulnerable households through our hunger relief services.
- Strengthening over 1,200 nonprofit leaders across the country via dozens of capacity building workshops.

- Aiding over 100,000 households through connection to health services and resources focused on the health marketplace, Medicare savings, mental health services, and prevention and wellness.

9. Conclusion

For over thirty years, Hispanic Federation has provided essential, nonprofit services to vulnerable communities. In conjunction with our network of more than 850 community-based organizations, we have a depth of experience in the needs and capacities of America's nonprofit sector, and the ways in which it interacts with federal, state, and local grantmaking. This combined experience informs our firm prediction that the potential changes would, on the whole, been unfathomably detrimental to charitable nonprofit organizations and the communities they serve. A small selection of beneficial changes does little to defray the catastrophic costs associated with increased administrative burdens stemming from analytic compliance costs in what would be a newly arbitrary funding regime, to say nothing of the threats to civil rights and entire classes of nonprofit programming based solely on the demographics of those who happen to live in local communities. Hispanic Federation and the undersigned members and partners of our nationwide nonprofit network therefore ardently urge OMB to withdraw the Rule in full, and in the future rely on well-represented negotiated rulemaking for any attempts at modernizing federal funding guidance.

Sincerely,



Frankie Miranda
President and CEO
Hispanic Federation

100 Hispanic Women National, Inc.
ACCESS Health Plus
Acción Hispana/Qué Pasa
Adelante Mujeres
Alianza Center, Inc.
Alivio Medical Centers
Amber Charter Schools
APRODEC inc.
ARTE
Asociación de Puertorriqueños Viviendo en Florida
ASPIRA of New York, Inc.
Association of Latinos/as/xs Motivating Action
Bronx River Art Center
Building Skills Partnership (BSP)
California Community Foundation
Calpulli Mexican Dance Company, Inc.

Capital District Latinos
Casa de Venezuela Orlando
Casa San Jose
Centro Community Partners
Centro de Servicios Primarios de Salud Patillas, Inc.
Centro Legal de la Raza
Charlotte Gaymers Network
Charter Oak Amateur Boxing Academy & Youth Development Program, Inc.
Chemical Abuse Services Agency, Inc.
Chicano Federation of San Diego County
Cine Casual
Círculo de la Hispanidad
Clarita's House Outreach Ministry
Clínica Monseñor Oscar A. Romero
Coalition for Humane Immigrant Rights (CHIRLA)
Colorado People's Alliance
Committee for Hispanic Children and Families
Commonsense Childbirth, Inc.
Community Association of Progressive Dominicans
Community Resource Center
Community Service Society of New York
Comunidades Indígenas en Liderazgo
Consumer PR
Contigo Immigrant Justice
ConXion to Community
COPAY, Inc
Corazon Community Services
Corporacion De Servicios De Salud Y Desarrollo Socioeconomico El Otoao
Creative Justice Initiative, Inc.
Davidson Community Center, Inc.
Del Ambiente, Inc.
Digital NEST
Dominican Women's Development Center (DWDC)
East Harlem Council for Human Services, Inc.
El Centro de la Raza, Washington
El Centro Inc.
El Concilio California
El Puente Hispano
En Foco, Inc.
Enterprising Latinas, Inc.
Episcopal FarmWorker Ministry
Feed and Fortify Community Organization, Inc.
Fifth Avenue Committee
FLORECER

Fundación Yetser
Futures Ignite
Guardarraya Unidos por un Patrimonio Educativo Incorporado (GUPE)
Haitian American Art Network, Inc.
Hartford Knights Corp.
Hispanic AIDS Forum, Inc.
Hispanic and Immigrant Center of Alabama
Hispanic Brotherhood, Inc.
HOMEY
Honor 41
Hook Arts Media
Hope CommUnity Center
I Challenge Myself
Ibero-American Action League, Inc.
Instituto del Progreso Latino
ISLA (Immersion for Spanish Language Acquisition)
Jazz Power Initiative
Joshua's House Foundation
Junta For Progressive Action
Justice Shall Be For All
KIDCO Creative Learning
La Casa de Don Pedro, Inc.
La Conexion
La Jornada NYC
La Mesa Boricua de Florida
Latin American Coalition
Latin American Community Center
Latin Community Advisors, Inc.
Latino Commission on AIDS
Latino Equality Alliance
LatinoJustice PRLDEF
Loisaida, Inc.
Manna of Life Ministries, Inc.
Marsoni Foundation
Matiz Internacional Corp.
Mattie Rhodes Center
MCOHA
MDC
Mercy Center, Inc.
Mexican American Unity Council
Miami EdTech, Inc.
Ministerio Mujeres Restauradas Por Dios, Inc.
Mixteca Organization, Inc.
Mosholu Preservation Corporation

Movimiento para el Alcance de Vida Independiente
Mujeres de Islas
Multicultural Family Center
National Museum of Puerto Rican Arts and Culture
National Network for Arab American Communities (NNAAC)
NC Congress of Latino Organizations
NC One Hundred Strong
New Women New Yorkers
New York Legal Assistance Group
New York Women's Chamber of Commerce
NMIC
NY COAC
Orlando Center for Justice
Our Piece of the Pie, Inc. (OPP)
P.E.C.E.S., Inc.
PANI
Pomona Economic Opportunity Center
Programa De Apoyo Y Enlace Comunitario
Programa de Educacion Comunal de Entrega y Servicio, Inc.
PryMed Medical Care, Inc.
Puerto Rican Association for Human Development, Inc.
R.A.I.N.
Repertorio Español (Spanish Theatre Repertory)
SALVA
San Juan Center, Inc.
SEPA Mujer, Inc.
Sirena Writing Lab
SkyBuilders 4 ALL
Somos Familia Valle
St. Ann's Corner of Harm Reduction
Taller Salud
The Latin American Workshop, Inc aka El Taller Latino Americano
The Miracle Center, Inc.
The People's Theatre
The Resurrection Project
The Umbrella Brigade
The Vieques Conservation and Historical Trust
Todos Tienen un Corazón, Inc.
Trans-Latinx DMV
Unidos por Ecuador of Central Florida, Inc.
Unlimited Potential
Unseen
ViequesLove
Vision Urbana, Inc.

Vision y Compromiso

Waves Ahead Corp

We Speak Your Name of Central Florida, Inc.

We Stay/Nos Quedamos

With Ties Of Love, Inc.

Woodside On The Move, Inc.

Worker Justice Center of New York

Young Invincibles

Youth Alliance

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