

July 13, 2026

Office of Federal Financial Management
U.S. Office of Management and Budget
Attention: OMB-2026-0034

Submitted Electronically

RE: Regulation for Federal Financial Assistance, Dkt. No. OMB-2026-0034

We, the undersigned state policymakers and state attorneys general from across the country, write to express our grave concern regarding the proposed “Regulation for Federal Financial Assistance” (hereinafter “Proposed Rule”).¹ As officials responsible for developing state budgets, crafting state policies and programs, and delivering essential services to our residents, we have direct insight into how the ideologically motivated changes to federal funding programs and processes outlined in the Proposed Rule would cause far-reaching harm for historically underserved communities, particularly for women, girls, LGBTQIA+ people, Black Americans, Indigenous people, and people of color, immigrants, people with disabilities, and people with low incomes. The Proposed Rule would exacerbate existing budget pressures facing our states and the affordability crisis impacting our residents and would undermine the core responsibilities we were elected to carry out: responding to the needs of our residents and helping them all thrive. From reductions in child care access and weakened public health infrastructure to cuts in domestic violence and sexual assault programs, we foresee the devastating consequences the Proposed Rule would have for our communities.

We firmly oppose this attempt by the administration to coerce and commandeer state policymaking and governance, undermine the rights of communities it disfavors, and weaken the programs that provide critical services to our constituents. We stand in solidarity with the organizations and communities targeted by the Proposed Rule and urge you to withdraw it in its entirety.

I. The Proposed Rule would destabilize state governance and the delivery of essential services to our communities.

As state policymakers, we were elected to represent our constituents and ensure our communities have the support, resources, and access to services necessary to thrive—like health care, food assistance, and child care. By requiring that federal agencies make nearly all grant funding decisions based on the current administration’s purposefully vague and hostile policy preferences against communities and viewpoints it disfavors, the Proposed Rule would create massive uncertainty and instability that undermines states’ ability to govern effectively and respond to the needs of all our constituents.

¹ 91 Fed. Reg. 32198 (proposed May 29, 2026) (hereinafter “Proposed Rule”).

Despite the foreseeable and massive impact the Proposed Rule would have on states, the Office of Management and Budget (OMB) failed to provide a required federalism analysis,² instead asserting that the Proposed Rule “would not have sufficient federalism implications to warrant the preparation of a federalism assessment” as it is “inherently national in scope and significance.”³ In reality, we know the opposite is true: because states are the primary recipients of affected grants and play a central role in managing and administering essential services for our residents that are supported by federal funds, the Proposed Rule would dramatically impact our ability to effectively provide these services.

Federal funding represents a substantial share of state resources: in FY 2024, the federal government provided an estimated \$1.1 trillion in grants to state and local governments.⁴ By seizing political control of federal grantmaking procedures and imposing the administration’s vague and discriminatory policy preferences, often in conflict with controlling federal statutes, OMB aims to hold federal funding hostage and to bully states into discriminating against their own residents. States will be forced to operate under unclear standards—interpreted fully at the discretion of Trump political officers—that expressly target certain people in our communities, ban disfavored viewpoints (such as “disparate impact” and “gender ideology”), and effectively eliminate programs that provide services to women, girls, LGBTQIA+ people, Black Americans, Indigenous people, and people of color, immigrants, people with disabilities, people with low incomes, and other underserved communities. The Proposed Rule would require federally-funded entities to engage in discriminatory behavior that violates the law in many of our states. States and state-based organizations that administer so many essential services in our communities will face an impossible decision: either risk losing critical federal funding by upholding nondiscriminatory access to essential services for our residents or comply with the Proposed Rule’s discriminatory mandates. In addition, by inserting political actors into discretionary grantmaking, the Proposed Rule also increases the risk that federal funds will be used as “slush funds” to reward or punish states based on political grudges.

Moreover, the Proposed Rule’s prohibition on using federal funds to “promote, subsidize, or support political activities or initiatives unrelated to authorized public purposes,”⁵ including through activities such as issue advocacy or lobbying, would have a dangerous chilling effect, undermining our ability to receive critical information to inform reasoned and effective policymaking. Our ability to effectively govern depends on meaningful engagement with local organizations that are deeply immersed in and engaged with the communities they and we serve. State and community-based organizations that receive federal funding and regularly engage in policy advocacy may curtail their lawful engagement with state policymakers out of concern that such activities could jeopardize funding. As a result, state policymakers could lose access to the on-the-ground expertise these organizations provide about our

² See Exec. Order No. 13132, 3 C.F.R. 13132 (1999), available at <https://www.acus.gov/appendix/executive-order-13132-federalism>.

³ Proposed Rule 91 Fed. Reg. at 32235.

⁴ Adam G. Levin, Cong. Rsch. Serv., R40638, *Federal Grants to State and Local Governments: Trends and Issues* (2025), <https://www.congress.gov/crs-product/R40638>. See also Pew, *Where States Get Their Money: FY 2024* (June 18, 2026), <https://www.pew.org/en/research-and-analysis/data-visualizations/2026/where-states-get-their-money>.

⁵ Proposed Rule 91 Fed. Reg. at 32247.

communities' needs, hindering our ability to develop and enact effective policies that are responsive to individuals' actual lived experiences.

Overseeing the utilization and dispersal of federal funds is one of the critical roles we play in supporting essential services for our residents.⁶ Our states—like all states—rely on predictable federal funding to develop budgets and deliver essential services. The Proposed Rule would enable an enormous swath of grants to be rescinded without notice based on a political appointee's determination that they no longer served the President's agenda, with no appeal or further process available in the face of such a determination. The instability that would result from the Proposed Rule would make it difficult for states that rely on consistent funding streams to engage in long-term planning and effective program management, and would undermine our ability to implement policies that reflect the needs and priorities of our residents.

II. The Proposed Rule directly targets state-based programs that provide essential support for underserved communities, such as women, girls, LGBTQIA+ people, Black Americans, Indigenous people, and people of color, immigrants, people with disabilities, and people with low incomes, jeopardizing their access to these critical services and exacerbating inequities.

The Proposed Rule would directly reduce our communities' access to essential services provided by state agencies, state-based nonprofits, and direct service providers. We have seen how so many of these entities are already struggling to operate amidst rising costs and unprecedented funding interruptions and uncertainty.⁷ The Proposed Rule would worsen their financial instability by imposing heightened compliance burdens, unclear politicized requirements, and increased political scrutiny, which may result in reduced capacity or the closing of programs altogether. Even if these organizations do receive funding, the Proposed Rule allows termination at will, meaning that these organizations cannot depend on an award of funding to effectively offer services—it can be stripped away instantly based on the whims of a Trump political officer. As a result, the already limited resources of states and service providers devoted to delivering essential services would instead be used for risk mitigation, alteration of existing programs

⁶ See State Innovation Exch., *The Roles of State Legislatures* (accessed July 13, 2026), <https://federalfunds.stateinnovation.org/roles-state-legislatures>.

⁷ See e.g., Nat'l Women's L. Ctr., *5 FAQs on Donald Trump & Congressional Republican's Budget and Tax Law* (Sept. 2025), <https://nwlc.org/resource/5-faqs-on-the-republican-tax-plan/>; Nat'l Council of Nonprofits, *Nonprofit Leaders: Federal Funding Cuts Are Driving Service Disruptions and Harming Communities Across the Country* (Feb. 23, 2026), <https://www.councilofnonprofits.org/pressreleases/nonprofit-leaders-federal-funding-cuts-are-driving-service-disruptions-and-harming>; Nat'l Council of Nonprofits, *New Study Highlights Impact of Trump Administration Actions on Nonprofits* (May 12, 2026), <https://www.councilofnonprofits.org/pressreleases/new-study-highlights-impact-trump-administration-actions-nonprofits>; Alexander Puutio, *Nonprofits Face Double Crunch as Shutdown Follows Severe Funding Cuts*, *Forbes* (Oct. 30, 2025), <https://www.forbes.com/sites/alexanderpuutio/2025/10/30/nonprofits-face-double-crunch-as-shutdown-follows-severe-funding-cuts/>; Kathrina Szymborski Wolfkot and Dylan Erikson, *How Will Federal Funding Cuts Impact State Budgets?* *State Court Rep.* (Sept. 15, 2025), <https://statecourtreport.org/our-work/analysis-opinion/how-will-federal-funding-cuts-impact-state-budgets>.

to comply with the administration's political preferences, responding to enforcement actions, or restructuring programs because of funding suspensions or terminations.

These disruptions and inefficiencies translate directly to loss of essential services and will worsen inequities across virtually every sector of society. As a result of long-standing discrimination and disinvestment, underserved people and communities, including women, girls, LGBTQIA+ people, Black Americans, Indigenous people, and people of color, immigrants, people with disabilities, and people with low incomes, and especially those who face multiple forms of discrimination, face greater barriers to economic opportunity and access to services,⁸ and therefore disproportionately rely on state programs and community-based organizations for essential services such as health care, child care and economic supports, education, and workforce development.

Programs that are specifically designed to address these disparities in our communities and reach those communities most in need will be especially harmed by this Proposed Rule. Among other restrictions, the Proposed Rule prohibits the use of federal funds to support diversity, equity, and inclusion “policies, principles, or practices” or “gender ideology.”⁹ As a result, federally funded entities that are statutorily required to serve underserved communities or address higher-need populations¹⁰ will be disproportionately targeted for meeting their obligations as required by statute. These programs may be deemed to “fund, promote, encourage, subsidize, or facilitate” activities contrary to the administration’s hostile political agenda because they are designed to meet the needs of underserved communities, leaving funding recipients vulnerable to increased administrative burdens and potentially sudden terminations of federal funding.

⁸ See e.g., Mia Ives-Rublee & Anona Neal, Ctr. For Am. Progress, *Eliminating Barriers to Employment for Disabled Women* (Mar. 14, 2024), <https://www.americanprogress.org/article/playbook-for-the-advancement-of-women-in-the-economy/eliminating-barriers-to-employment-for-disabled-women/>; Sarah Javaid & Kathryn Domina, Nat’l Women’s L. Ctr., *Women of Color, Disabled Women, and LGBT Adults Struggle to Afford Food and Housing Costs* (Dec. 2023), https://nwlc.org/wp-content/uploads/2024/01/nwlc_PulseWeek63FS-Accessible.pdf; Shengwei Sun, Nat’l Women’s L. Ctr., *National Snapshot: Poverty Among Women & Families in 2024* (Nov. 2025), <https://nwlc.org/wp-content/uploads/2025/11/National-Snapshot-Poverty-Among-Women-Families-in-2024.pdf>; Nat’l Women’s L. Ctr., *Child Care Problems Disproportionately Impacted Black Women, Latinas, Disabled Women, and Those with Lower Household Incomes in 2024* (Dec., 2025), <https://nwlc.org/wp-content/uploads/2025/12/Child-Care-Problems-Disproportionately-Impacted-Black-Women-Latinas-Disabled-Women-and-Those-with-Lower-Household-Incomes-in-2024.pdf>; Alex Montero et al., KFF, *LGBT Adults’ Experiences with Discrimination and Health Care Disparities: Findings from the KFF Survey of Racism, Discrimination, and Health* (April 2, 2024), <https://www.kff.org/racial-equity-and-health-policy/lgbt-adults-experiences-with-discrimination-and-health-care-disparities-findings-from-the-kff-survey-of-racism-discrimination-and-health/#58056b5a-162b-494b-a376-ca11faacc93c-key-takeaways>; Nambi Ndugga et al., KFF, *Race, Inequality, and Health* (Oct. 8, 2025), <https://www.kff.org/racial-equity-and-health-policy/health-policy-101-race-inequality-and-health/?entry=table-of-contents-introduction>.

⁹ Proposed Rule 91 Fed. Reg. at 32215.

¹⁰ See e.g., 42 U.S.C. § 254b; Health Resources & Servs. Admin., Ryan White HIV/AIDS Program: Legislation (last reviewed Dec. 2024), <https://ryanwhite.hrsa.gov/about/legislation>; Angela Napili and Alexa C. DeBoth, Cong. Rsch. Serv., IF10051, *Title X Family Planning Program*, <https://www.congress.gov/crs-product/IF10051>.

For example, funding disruptions will strain community health centers that are specifically tasked with addressing the needs of underserved populations, such as LGBTQIA+ people, uninsured and underinsured individuals, people with low incomes, and rural communities. By targeting programs that are designed to address disparities and prohibiting "gender ideology" and transgender health care, the Proposed Rule could deter federally funded providers from offering affirming, respectful, and comprehensive care to transgender patients, exacerbating existing barriers and health disparities.¹¹

Funding disruptions would also destabilize child care and economic security programs that support women's and families' well-being, including Head Start. Head Start programs are required to implement diverse and equitable educational programming.¹² If federal agencies decide to strip funding from programs that center the needs of underserved populations, as the Proposed Rule's anti-DEI provisions seem to require, Head Start programs may be forced to reduce services or alter programs in ways that conflict with their legal requirements. Families who lose access to no-cost early education as a result of reductions in services or closures of Head Start programs would be pushed into already overburdened child care systems. Because women still bear disproportionate share of caregiving responsibilities,¹³ these disruptions would reduce women's ability to work and attend school, while increasing overall economic instability for families and our communities.

Similarly, education and workforce initiatives designed to expand opportunity and remove barriers to participation for people of all backgrounds, including women, LGBTQIA+ people, people of color, and people with disabilities, as well as state domestic violence and sexual assault programs that provide critical support to survivors of abuse, are likely to be targeted. For example, the U.S. Department of Labor administers the Women in Apprenticeship and Nontraditional Occupations (WANTO) grant program, whose statutory purpose is to help women enter and succeed in high-paying jobs in the trades and other male-dominated industries.¹⁴ Recent efforts by the Department of Labor to terminate WANTO grants on the grounds that they constitute so-called "illegal DEI"¹⁵ demonstrates the administration's viewpoint that efforts to ensure equal opportunity for women in the workplace constitutes "unlawful DEI" and suggests that funding for many of these efforts could be at risk under the "anti-DEI" provisions of the Proposed Rule.

Across sectors, the Proposed Rule would undermine programs that Congress specifically designed to address unmet needs and expand opportunity, resulting in reduced access to essential services and worsened inequities for our already underserved communities.

¹¹ See Advocates for Trans Equality, *Transgender Sexual and Reproductive Health: Unmet Needs and Barriers to Care* (accessed July 13, 2026),

<https://transequality.org/resources/transgender-sexual-and-reproductive-health-unmet-needs-and-barriers-care>.

¹² See 45 C.F.R. § 1302.

¹³ KPMG, *The Parental Work Disruption Index: A New Measure of the Childcare Crisis* (Sept. 30, 2024), <https://kpmg.com/us/en/articles/2024/september-2024-the-parental-work-disruption-index.html>.

¹⁴ See 29 U.S.C. § 2501.

¹⁵ See Lawrence Ukenye, *Labor Department Terminates Dozens of Women's Bureau Grants*, PoliticoPro (May 6, 2025), <https://subscriber.politicopro.com/article/2025/05/labor-department-terminates-dozens-of-womens-bureau-grants-00332125>.

III. Conclusion

At a time when state budgets and community services are already under significant strain, this Proposed Rule would destabilize critical programs and state-based organizations and reduce access to essential services for our residents who need them most. As state leaders, we are deeply concerned that the Proposed Rule would undermine our ability to govern effectively—contrary to the federalist principles that have guided the relationship between states and the federal government for nearly 250 years—and we urge the administration to withdraw this proposal in its entirety.

Thank you for your consideration of these comments.

Sincerely,

Alabama Senator Linda Coleman-Madison
Alabama Senator Vivian Davis Figures
Alabama Representative Laura Hall
Alabama Representative Marilyn Lands

Alaska Senator Cathy Giessel
Alaska Senator Elvi Gray-Jackson
Alaska Senator Scott Kawasaki
Alaska Representative Ashley Carrick
Alaska Representative Alyse Galvin
Alaska Representative Carolyn Hall
Alaska Representative Andrew Josephson
Alaska Representative Andi Story

Arizona Senator Sally Ann Gonzales
Arizona Senator Lauren Kuby
Arizona Representative Junelle Cavero
Arizona Representative Nancy Gutierrez, Assistant Minority Leader

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California Assemblymember Cecilia Aguiar-Curry, State Assembly Majority Leader
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Colorado Representative Karen McCormick
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Connecticut Senator Matt Lesser
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Connecticut Representative Dominique Johnson, Deputy Majority Leader
Connecticut Representative Sarah Keitt
Connecticut Representative Nick Menapace
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Delaware Senator Daniel Cruce
Delaware Senator Elizabeth Lockman
Delaware Senator Marie Pinkney
Delaware Senator Nicole Poore
Delaware Representative Mara Gorman
Delaware Representative Melissa Minor-Brown, Speaker of the House
Delaware Representative Eric Morrison
Delaware Representative Cyndie Romer
Delaware Representative Melanie Ross Levin

Florida Senator Carlos Guillermo Smith
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Florida Representative Dotie Joseph

Georgia Representative Terry Alexis Cummings
Georgia Representative Lydia Glaize

Hawaii Representative Amy Perruso

Idaho Senator Melissa Wintrow

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Illinois Senator Mattie Hunter, Assistant Majority Leader
Illinois Senator Rachel Ventura
Illinois Senator Karina Villa
Illinois Senator Celina Villanueva
Illinois Representative Kelly Cassidy
Illinois Representative Maura Hirschauer
Illinois Representative Lilian Jiménez
Illinois Representative Kevin John Olickal

Indiana Representative Carolyn Jackson
Indiana Representative Matt Pierce
Indiana Representative Robin Shackelford

Iowa Senator Janet Petersen
Iowa Representative Tracy Ehlert

Kansas Senator Silas Miller
Kansas Senator Pat Pettey
Kansas Representative Abi Boatman
Kansas Representative Heather Meyer
Kansas Representative Susan Ruiz
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Kentucky Representative Nima Kulkarni

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Maine Senator Joseph Baldacci
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Michigan Representative Julie Brixie
Michigan Representative Emily Dievendorf
Michigan Representative Laurie Pohutsky
Michigan Representative Natalie Price
Michigan Representative Stephen Wooden

Minnesota Senator Erin Maye Quade
Minnesota Senator Lindsey Port
Minnesota Representative Kristin Bahner
Minnesota Representative Brion Curran
Minnesota Representative Katie Jones
Minnesota Representative Tina Liebling
Minnesota Representative Kelly Moller
Minnesota Representative María Isa Pérez-Vega
Minnesota Representative Dave Pinto

Mississippi Senator Hillman Frazier

Missouri Representative LaDonna Appelbaum

Montana Senator Ellie Boldman
Montana Senator Mary Ann Dunwell
Montana Senator Andrea Olsen

Nebraska Senator Megan Hunt

Nevada Assemblymember Tracy Brown-May
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Nevada Assemblymember Cinthia Moore

New Hampshire Representative Billie Butler

New Jersey Assemblymember Chigozie Onyema
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New Mexico Attorney General Raúl Torrez
New Mexico Senator Shannon Pinto
New Mexico Representative Marianna Anaya

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New York Assemblymember Amanda Septimo
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North Carolina Representative Tracy Clark
North Carolina Representative Pricey Harrison
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Ohio Senator Beth Liston
Ohio Senator Kent Smith
Ohio Representative Rachel Baker
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Ohio Representative Karen Brownlee
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Pennsylvania Senator Lindsey M. Williams
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Rhode Island Senator Tiara Mack
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Rhode Island Representative Terri-Denise Cortvriend
Rhode Island Representative Cherie L. Cruz
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Rhode Island Representative Jenni Furtado
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Rhode Island Representative Rebecca Kislak
Rhode Island Representative Michelle McGaw
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Texas Representative Trey Martinez Fischer

Utah Senator Nate Blouin
Utah Representative Angela Romero, House Minority Leader

Vermont Senator Tanya Vyhovsky, LICSW
Vermont Representative Angela Arsenault
Vermont Representative Tiffany Bluemle
Vermont Representative Michelle Bos-Lun
Vermont Representative Mollie S. Burke
Vermont Representative Elizabeth Burrows
Vermont Representative Ela Chapin
Vermont Representative Gina Galfetti
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Vermont Representative Jubilee McGill
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Wyoming Representative Ken Chestek