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July 13, 2026
Document ID OMB-2026-0034-0001

Introduction

The BlueGreen Alliance (BGA) unifies labor unions and environmental organizations into a powerful force to fight climate change, protect the health of people and the environment, stand against economic and racial inequality, and create and maintain good-paying, union jobs in communities across the country. To that end, we appreciate the opportunity to respond to the Office of Management and Budget's (OMB) proposed rule on regulation for federal financial assistance. The non-partisan disbursement of congressionally mandated federal spending is a pillar of the successful operation of U.S. innovation, and the proposed changes would weaken the federal government's ability to invest in working people and communities.

Non-political Decision Making is Necessary

The proposed rule's stated primary objective is to "improve transparency, accountability, and oversight for use of Federal taxpayer dollars."[i] While BGA supports these same goals, it is hard to take these objectives seriously considering the Trump administration has demonstrated nothing but the opposite in its management of federal funds. It is not lost on BGA, for example, that the agency that authored this proposed rule, OMB, is the same one that ended the publishing of federal funding apportionments, even though it was legally mandated to do so.[ii]

Nonetheless, the proposed rule's impact is not limited to OMB but would disseminate across all federal agencies who themselves have also lacked transparency and accountability when awarding federal funds. For example, the U.S. Department of Labor's (DOL) former Secretary, Lori Chavez-DeRemer, was investigated for improper political decisions in grantmaking decisions, due to the questionable allocation of funds, such as single sourcing apprenticeship dollars to the state of Arkansas despite the state not asking for them. [iii,iv] Or, in September of 2025, only one state that voted for Vice President Harris in the 2024 presidential election, Connecticut, was awarded a grant from DOL for a new training program despite 44 states applying for it.[v] At the U.S. Department of Energy (DOE), a federal court ruled that the Trump administration violated the Due Process Clause of the Fifth Amendment of the U.S. Constitution by cancelling millions of dollars in grants in clean energy projects that were awarded to states that didn't vote for President Trump in the 2024 presidential election.[vi] These are just a few examples out of many that demonstrate that this is not an administration that cares about an open, meritocratic selection process when awarding federal funds.

Unfortunately, this proposed rule will double down on the administration's efforts at political interference in grantmaking by replacing any vestiges of objective meritocratic selection processes in awarding federal funds with multiple political mechanisms that thumb the scale. Primarily, it establishes a new pre-issuance review process that would require political appointees to review and approve any awarding of federal funds to ensure such awards align with "Presidential policy priorities" and "the national interest."[vii] Giving political appointees a veto over a meritocratic award process to ensure funds go to an undefined "national interest" will lead to the unfair selection of organizations friendly to the administration rather than the best qualified to fulfill the objectives of the grant. It is also unclear how political appointees will choose between federal awards with required statutory objectives that are misaligned with "Presidential policy priorities." Political appointees have a role to play in shaping any administration's funding priorities. But historically, and under current guidance, there is a firewall that allowed apolitical career staffers to make merit-based award decisions in collaboration with political appointees. That approach to award decisions should be maintained, not eliminated.

Further, the proposed rule attaches new ideological conditions on funds by requiring recipients to not "fund, promote, encourage, subsidize, or facilitate" work that promotes "'Diversity, equity, and inclusion' (DEI) or 'diversity, equity, inclusion, and accessibility' (DEIA), 'Gender ideology' or the 'transition' of a child under 19 years of age from one sex to another." [viii] And to help effectuate this policy, the proposed rule would grant federal agencies the discretion to exclude specific types of nonprofit organizations from eligibility before an application is even opened.[ix] By attaching these ideological tests on potential applicants of federal funds, this proposed rule will likely violate the First Amendment rights of organizations across the United States who would otherwise be eligible recipients, as well as the Fifth Amendment's equal protection clause, which this administration has already demonstrated its indifference to.

Historically, grant terminations have been constrained to noncompliance or failure to perform. This proposed rule would vastly expand executive flexibility and allow for terminations based on vague criteria like changing policy priorities, including an undefined "national interest," undermining long-standing trust in federal contracts, jeopardizing private investment, and weakening U.S. competitiveness. Consistently enforced federal financial assistance has been a cornerstone of the government's partnerships with private industry and research institutions, and except in extraordinary circumstances, these awards have historically been upheld regardless of political shifts. That stability is now in jeopardy. If investors cannot trust government commitments, they will exclude federal contracts from their decision-making. This loss of trust undermines U.S. companies' ability to attract private investment and harms foreign-based companies' desire to invest in the United States.[x] It also weakens the government's ability to partner with the private sector to invest in strategic sectors, support vital domestic industries, and ensure next-generation technologies scale in the United States—ironically, goals the Trump administration has publicly endorsed.

This Proposed Rule Will Hurt Workers

If past actions by this administration toward federal workforce grants are an indication of its disdain for workers, then this proposed rule will only empower it to engender further harm. Since taking over, the Trump administration has attempted to cancel or has cancelled billions in funding that directly benefit working people. In March 2025, the administration cancelled nearly all of the grants administered by DOL's Bureau of International Labor Affairs (ILAB), whose mission is to fight child labor abroad, human trafficking, and create an even playing field for workers in the United States.[xi] In May of 2025, the administration attempted to cancel the Women in Apprenticeship and Nontraditional Occupations (WANTO) grants, which fund apprenticeship programs that hire and train women for a career in the trades. Worse still, the Trump administration cancelled nearly $24 billion in DOE projects, risking tens of thousands of good union jobs.[xii] Some of these actions were walked back by federal courts due to statutory requirements that the administration can't overrule but distorting the Uniform Guidance (UG) to enable political ideologues at agencies to more easily cancel federal awards for ideological reasons will only put important federal investments that benefit workers more at risk.

The administration has already eliminated one of the federal government's best civil rights tools for workers by revoking the landmark Executive Order (EO)11246, which banned discrimination by federal contractors.[xiii] The proposed rule would effectively replicate this effort for grants governed by the UG by banning any disparate-impact liabilities attached to the awarding of federal funds.[xiv] It also would ban the use of federal funds that “support of disparate-impact studies, disparate-impact litigation, or other related activities.”[xv] While the proposed rule does acknowledge that awardees will continue to follow civil rights protections under federal law, including disparate-impact amendments to Title VII of the Civil Rights Act, it is attempting to eliminate federal agencies’ leverage in enforcing anti-discriminatory practices through its awards.

The proposed rule further threatens protections against discrimination towards workers by rescinding any guidance currently in the UG related to *Bostock v. Clayton County 140 S. Ct. 1731 (2020) (Bostock)*, by stating that such guidance is “unnecessary” and that *Bostok* is “legally untenable and has harmed women.”[xvi] At the very minimum, regardless of the administration’s viewpoints on the Supreme Court case, *Bostock* is the law of the land and federal guidance on how to ensure recipients of federal funds can comply with its standards should not be eliminated. More importantly, *Bostock* ended the unconstitutional injustice of discrimination against employees due to their sexual orientation or gender identity, and its application across the machinations of the federal government should not be reduced.

The Need for Equity

The proposed rule would sharply limit how awardees consider equity when carrying out federal financial assistance and how federal agencies weigh an applicant’s equity commitments in competitive funding decisions. In practice, it would eliminate most equity-based scoring. The proposed rule treats “add-on” requirements as any conditions not strictly necessary to achieve a program’s statutory purpose, which would significantly constrain vital efforts at community engagement focused on equitably delivering benefits.[xvii]

So-called “add-on” requirements are not extraneous—they are practical tools that ensure federal investments deliver real-world outcomes. Equity-focused provisions, community engagement requirements, environmental commitments, and strong labor standards help projects secure local buy-in, avoid costly delays, and build the workforce needed to execute complex infrastructure and industrial investments successfully. These elements improve implementation by aligning projects with community needs, reducing conflict, and strengthening long-term project durability.

At the same time, high-quality jobs, workforce training, and worker voice requirements are directly tied to project performance—they improve productivity, safety, and retention, which are essential for delivering projects on time and on budget. And these provisions help ensure that federal investments build durable domestic capacity, strengthen supply chains, and create broad-based economic benefits, rather than short-term or uneven gains. These provisions are best understood as core risk-management and execution tools that make federal spending more effective, accountable, and aligned with national economic goals.

The need to promote equity must also remain core to the decision-making process of the federal government. There is a direct correlation between the increase in income inequality in the United States and the decrease in worker power, as the share of workers in a union fell from 24% in 1979 to 10% now.[xviii] As income inequality rises, communities of color are disproportionately harmed. Policy changes at every level of government, especially in federal financial assistance decision-making processes, are vital to address the injustices that lead to a disproportionate lack of access and opportunities for people of color.

Historically and persistently, Black people in the United States fare worse in our existing economy, having lower wages, less savings to fall back on, and significantly higher poverty rates.[xix] Black workers have been the hardest hit by the outsourcing of U.S. manufacturing, enduring a 30% drop in manufacturing employment since the 1990s.[xx] Black workers are paid on average 73 cents to the dollar compared to white workers.[xxi] The wage gap persists regardless of education, and even with advanced degrees, Black workers make far less than white workers at the same level. The poverty rate for white Americans sits at about 8.1%, compared to 20.7% for Black households.[xxii]

These crises are well documented and only scratch the surface of the importance of implementing racial justice and equity into decision-making processes for federal financial assistance. To begin the work of addressing economic inequality and dismantling systemic racism in our society, equity and justice must be at the core of our efforts to build a fair economy, and federal financial assistance must take these efforts into account. Federal financial assistance can play a crucial role in uplifting equity and justice, and BGA supports the consistent use of financial assistance to:

1. Support and create good-paying union jobs, increase union density, and support the build- out of a more robust, union-represented, and diverse workforce; and increase access to good union jobs for low-income communities of color and historically underrepresented communities.
2. Ensure worker rights, benefits, fair pay, and health and safety on the job.

3. Support meaningful community and labor engagement; prioritize systematically marginalized communities; and address racial, environmental, and economic injustice.
4. Reduce emissions and pollution while improving environmental and public health.

Conclusion

Federal financial assistance is a vital policy tool that must be administered fairly, impartially, and consistently with the directives of Congress. The proposed rule would move federal grantmaking in the opposite direction by inviting political interference, weakening merit-based decision-making, restricting the use of equity and labor standards that improve project outcomes, and limiting the ability of workers, communities, and the environment to benefit from public investments. These changes would undermine congressional authority, erode public trust in federal commitments, and make it harder for federal investments to deliver durable economic, workforce, and environmental gains. For these reasons, BGA rejects the proposed rule in its entirety and strongly urges OMB to withdraw it.

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[ii] GAO, Letter from GAO General Counsel to OMB Director on Availability of Apportionment Data, April 08, 2025, https://www.gao.gov/products/e12062.

[iii] Politico, https://www.politico.com/newsletters/weekly-shift/2026/03/02/dol-probe-takes-on-a-life-of-its-own-00806556

[iv] NPR, Trump wants to reach 1 million apprenticeships. Arkansas is jumpstarting the effort, March 3, 2026, https://www.npr.org/2026/03/03/nx-s1-5717470/trump-wants-to-create-1-million-apprenticeships-arkansas-is-spearheading-the-effort

[v] U.S. Department of Labor, Awards $86 million to 14 states for Investment in Skills Training Programs for Critical in-demand, Emerging Industries, September 30, 2025, https://www.dol.gov/newsroom/releases/eta/eta20250930.

[vi] Environmental Defense Fund, Court Rules Trump DOE Violated the Constitution When It Cancelled Clean Energy Funding in Specific States, January 12, 2026, https://www.edf.org/media/court-rules-trump-doe-violated-constitution-when-it-cancelled-clean-energy-funding-specific.

[vii] Regulation for Federal Financial Assistance, see FR 32212.

[viii] Ibid., see FR 32225.

[ix] Ibid., see FR 32247.

[x] Kleinman Center for Energy Policy, Who Buys Down the Risk When Federal Funding Recedes, November 2025. https://kleinmanenergy.upenn.edu/commentary/blog/who-buys-down-the-risk-when-federal-funding-recedes/.

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[xii] BlueGreen Alliance, Standing Up to Congress' and the Trump Administration's Attacks on Clean Energy and Jobs, https://www.bluegreenalliance.org/site/standing-up-to-congress-and-the-trump-administrations-attacks-on-clean-energy-and-jobs/by-the-numbers/.

[xiii] NBC News, Trump Revokes Executive Order Banning Discrimination in Federal Contracting, January 22, 2025, https://www.nbcnews.com/politics/donald-trump/trump-revokes-order-banning-discrimination-federal-contracting-rcna188839

[xiv] Regulation for Federal Financial Assistance, see FR 32252.

[xv] Ibid.

[xvi] Regulation for Federal Financial Assistance, see FR 32216.

[xvii] Regulation for Federal Financial Assistance, see FR 32208

[xviii] Bureau of Labor Statistics, Union Members—2025, February 2026. https://www.bls.gov/news.release/pdf/union2.pdf

[xix] Economic Policy Institute, Black workers face two of the most lethal preexisting conditions for coronavirus—racism and economic inequality, June 2020. https://www.epi.org/publication/black-workers-covid/

[xx] Economic Policy Institute, Botched policy responses to globalization have decimated manufacturing employment with often overlooked costs for Black, Brown, and other workers of color, January 2022. https://www.epi.org/publication/botched-policy-responses-to-globalization/

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[xxii] ibid