

What's New in the 2026 Edition

This 2026 Edition features updates throughout the book to reflect recent developments in federal assistance and related areas of law affecting awarding agencies, recipients, subrecipients and grantee contractors. The following are among the most notable new additions:

- The most significant new development in this edition is OMB's May 2026 proposed revisions to federal grant rules, which include broad changes to federal grant awards, administration, oversight, termination, audit, and cost rules, affecting nearly every chapter of the book. Chapter 3, "The Current Environment of Federal Grant Practice," includes a new § 3:13 discussing the May 2026 rulemaking in detail, and proposed changes are noted throughout the book. OMB stated in the preamble that it intended to issue a final rule effective October 1, 2026. Readers should confirm the final rule text, including any changes made in response to public comments.
- Chapter 1, "An Introduction to Federal Assistance and Grants," adds coverage (at § 1:13) of Executive Order 14332, "Improving Oversight of Federal Grantmaking," which addresses senior political appointee involvement in funding opportunities and award decisions, unilateral termination rights, indirect cost rates, and scrutiny of diversity, equity, and inclusion programs. A substantial portion of OMB's May 2026 rulemaking implements EO 14332.
- Chapter 2, "The Background of Federal Assistance," has been substantially updated to address President Trump's second-term federal grants agenda, including executive orders, OMB memoranda, DOGE activity and grant terminations, and changes to DEI and affirmative action policy, including agency implementation of DEI-related grant terms and certifications, Department of Justice civil-rights fraud enforcement, and developments affecting the Department of Transportation's Disadvantaged Business Enterprise program and other transportation funding priorities.
- Chapter 4, "A Strategic Look Ahead in Federal Grants," has been updated with a new § 4:5 addressing OMB Mem-

orandum M-26-03, President Trump’s second-term President’s Management Agenda. The PMA is styled “Execute the Mandate” and includes a grant-specific goal to “Demand Partners Who Deliver.”

- Chapter 37, “Grant Indirect Costs and Overhead Rates” (at § 37:10) and Chapter 2 (at § 2:26, subheading “Federally Funded Research and Development and Department of Energy Awards-Indirect Cost Rates”) include updates regarding indirect cost rate cap policies. The new discussion addresses NIH, NSF, DoD, and DOE attempts to impose broad indirect cost caps, the litigation that vacated or enjoined those policies, and the 2026 appropriations restriction that required DOE to continue applying indirect cost rates, including negotiated indirect cost rates, as applied in fiscal year 2024.
- Chapter 44, “Grant Periods of Performance, Budget Periods, Extensions, and No-Fault Terminations,” has been updated to address unilateral termination rights and termination litigation. The new coverage addresses the proposed Uniform Grants Regulation’s expanded discretionary termination and temporary suspension authority (§ 44:15), and discusses litigation over grant freezes and terminations during the first part of President Trump’s second term (§ 44:16). The update also includes coverage of forum-selection issues, including the emerging distinction between APA challenges to agency guidance in district court and grant-termination claims that may belong in the Court of Federal Claims (see also Chapter 49, at § 49:9).

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