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SERVICES, INC.

July 10, 2026

Russ Vought
Director
Office of Management and Budget
725 17th St. NW
Washington, DC 20503

RE: Regulation for Federal Financial Assistance – Docket No. OMB-2026-0034

Dear Director Vought:

On behalf of the American Psychological Association (APA) and the American Psychological Association Services, Inc. (APA Services), I am writing to offer public comments to the Notice of Proposed Rulemaking (NPRM) titled *Regulation for Federal Financial Assistance*, published on May 29, 2026, Docket No. OMB-2026-0034. APA Services is the companion organization of APA, which is the nation's largest scientific and professional nonprofit organization representing the discipline and profession of psychology, as well as over 190,000 members and affiliates who are clinicians, researchers, educators, consultants, and students of psychological science.

APA/APA Services strongly opposes key portions of the proposed rule and requests that it be withdrawn. Our comments focus specifically on the impact of the proposal on psychological science and research, the education and training of the psychology and behavioral health workforce, and access to behavioral health services nationwide, although we note that the implications of the proposed rule extend far beyond these areas and raise significant concerns across numerous sectors.

By overhauling the government-wide framework for federal financial assistance, the proposed rule would adversely affect the full lifecycle of federal awards, including notices of funding opportunities (*Section 200.204*), merit review (*Section 200.205*), award conditions and additional payments justifications (*Sections 200.208 and 200.305*), allowable costs (*specifically Section 200.432 – Conferences and Section 200.461 – Publication and Printing Costs*), foreign collaborations (*Section 200.220*), and recipient certifications, due process protections including ability to appeal decisions, and suspension and termination procedures (*Sections 200.340 through 200.343*). The proposed rule also heavily relies on vague, poorly defined terminology that could create further confusion for agencies and grantees and make compliance more difficult.

While we support the responsible stewardship of federal funds, transparency in the administration of grants and cooperative agreements, and accountability for recipients of federal financial assistance, APA/APA Services is concerned that the proposed rule is overly broad in both breadth and scope and would have far-reaching implications beyond its stated intent. In attempting to address oversight concerns, the proposal risks negatively impacting lawful, evidence-based research, training, outreach, and service-delivery activities that are central to federal program objectives. The NPRM would produce wide-reaching unintended consequences, including curtailing scientific inquiry, creating unnecessary barriers to pursuing federal awards, disrupting ongoing research and grant programs, and reducing access to services for individuals and communities that depend on federally funded programs.

Of specific concern to APA/APA Services, the proposed rule would have significant consequences for federally supported psychological science, the education and training of psychologists, and access to behavioral health care. If finalized without substantial revisions, several provisions of the NPRM would

disrupt the research enterprise, introduce uncertainty and political interference into peer-reviewed scientific decision-making, weaken the nation's research and behavioral health workforce pipeline, and reduce access to behavioral health care for communities that rely on federal funding, including rural, frontier, tribal, low-income, and many other underserved populations.

We must also note that codifying and implementing a unified regulatory policy without adequate time for review would introduce systemic risk and uncertainty for recipients of federal financial assistance, affecting the productivity of their work and/or the services they receive or deliver. The proposed implementation timeline could create disruption for recipients with active awards, pending applications, negotiated subawards, advanced psychology trainee appointments, clinical placements, and service contracts.

Considering the proposed rule's breadth, complexity, and significant implications across all federal discretionary grant making, the current 45-day comment period and October 1, 2026, implementation date do not provide stakeholders or the Office of Management and Budget (OMB) adequate time to fully assess the changes, consider public feedback, and finalize a legally sound rule. At least a 90-day extension should be granted to allow for a more thorough review of the proposal and to improve the quality of feedback received through this required public comment process.

Given that federal grants and cooperative agreements are critical to psychological research, graduate and postdoctoral training, and the delivery of mental and behavioral health care, APA/APA Services urges OMB to withdraw the proposed rule.

Psychological Science and U.S. Global Competitiveness

Federal support for science is a strategic national investment, which has established the U.S. as the global leader in science and research for many decades. Psychological science, in particular, contributes to advancements in learning, human cognition, child development, human factors, public health, national security, workplace productivity, resilience, suicide prevention, substance use prevention and treatment, trauma recovery, and the implementation of evidence-based health care, among others.

Psychological science also plays a central role in emerging technology. The safe and effective deployment of artificial intelligence, digital therapeutics, telehealth, educational technology, and cybersecurity tools depends on behavioral science. A federal financial assistance framework that creates uncertainty for behavioral research would weaken our nation's ability to develop technologies that are effective, ethical, timely, usable, and competitive in global markets, as ambiguity regarding what research activities may be approved could discourage innovation, delay research partnerships, and hinder investment in technology development.

For example, the National Science Foundation's (NSF) Directorate for Social, Behavioral, and Economic Sciences supports basic research on people and society and provides the research infrastructure that informs U.S. science and engineering competitiveness, while the National Institutes of Health (NIH), including the Office of Behavioral and Social Sciences Research, plays an important role in improving quality of life by promoting research on how behavior, social factors, and environmental conditions influence health and well-being. In addition, the Department of Veterans Affairs (VA) operates the nation's largest integrated healthcare system which enables vast clinical research, in collaboration with academic affiliates, that serves not only veterans, but our entire health care system.

These investments are essential to the knowledge base that can address the varied needs of our domestic populations and allow the U.S. to compete globally in science, technology, health, education, and innovation. Provisions in the proposed rule that increase uncertainty regarding the approval, continuation,

and permissible scope of federally funded research may deter these agencies from pursuing ambitious, long-term behavioral and social science projects, undermining the very research ecosystem that drives U.S. leadership in science, technology, and innovation.

The proposed rule risks fundamentally weakening the scientific merit review process by reducing the role of expert peer review in funding decisions and giving greater weight to discretionary determinations by political officials. APA/APA Services is concerned that *Section 200.205* would expand review by political appointees, altering federal merit review by making peer review advisory-only and allowing awards to be terminated when deemed misaligned with shifting political priorities, regardless of the Administration. These changes would undermine the predictability and independence scientific research requires. The strength of the U.S. research enterprise rests on the principle that scientific proposals are evaluated by subject-matter experts based on scientific rigor, feasibility, innovation, and potential impact. When expert review becomes advisory rather than a central determinant of funding decisions, researchers, institutions, and trainees may lose confidence that scientific excellence will be the primary basis for federal support.

High-quality research is not only built through individual awards. It depends on stable research teams, longitudinal data collection, community partnerships, advanced training pathways, and strong dissemination channels. Abrupt changes in award status can waste federal investments already made, put the public at risk through disruptions in clinical trials and other ongoing engagements with research participants, compromise data integrity, and make U.S. institutions less attractive partners for domestic and international scientific collaboration. Throughout 2025, sudden terminations and funding holds offered a preview of the harm this proposal could inflict on science, the national research enterprise, and the U.S. economy.ⁱ

Furthermore, agencies should not use discretionary review to reject scientifically meritorious applications or penalize research areas just because they address such topics as behavioral health disparities, social determinants of health, demographic variables, or community-specific needs (*Section 200.218*). Psychological science requires the ability to measure and analyze population-level patterns, including differences by geography, disability, socioeconomic status, military and veteran status, age, language, race, ethnicity, sex, gender, and other relevant variables, when such analysis is scientifically justified and legally permissible. These topics are not peripheral to research but are often necessary to produce valid, generalizable, and useful science.

APA/APA Services is also concerned that disallowing the use of federal funds under *Subpart E – Cost Principles, including Section 200.432 on conferences and Section 200.461 on publication and printing costs*, would directly impede activities that are vital to the scientific process. Scientific conferences allow researchers, trainees, practitioners, and policymakers to share emerging findings, receive rigorous feedback, identify methodological concerns, build collaborations, and translate research into practice.

Publications are similarly essential to ensuring that federally supported research is peer reviewed, disseminated, discoverable, and available for replication, implementation, and public benefit. In fact, federal “open access” policies require researchers and institutions to make scholarly publications and other findings resulting from federally funded research immediately and freely available to the public.ⁱⁱ To meet these requirements, publication costs are typically supported through federal research grant funding.

Restricting these costs would not reduce the need for dissemination. Instead, it would shift costs to institutions and investigators, disproportionately burden early-career scientists, students, smaller institutions, and researchers without substantial institutional resources. Such restrictions would weaken the return on federal research investments by limiting the ability of federally funded science to reach other scientists, practitioners, communities, and policymakers.

Education and Training of Psychologists

The proposed rule would also affect the education and training of psychologists, including health service psychologists and psychological scientists. Federal financial assistance supports graduate training, internships, postdoctoral fellowships, research assistantships, career development awards, and interprofessional education. These programs are not simply educational benefits to trainees and institutions. They are workforce development investments that help communities receive services and build the next generation of clinicians, researchers, educators, and public servants. The proposed rule may jeopardize these programs by creating barriers to sustained federal investments in training and career development, ultimately constraining efforts to address existing workforce shortages and meet growing national needs for behavioral health services.

For example, the Health Resources and Services Administration's Graduate Psychology Education Program supports accredited doctoral, internship, and postdoctoral psychology training programs that place trainees in underserved rural and urban communities. Similarly, the VA is one of the nation's most important training systems for psychologists, providing doctoral internships, postdoctoral fellowships, practicum placements, supervised clinical experiences, and interdisciplinary training opportunities that prepare psychologists to deliver evidence-based care.

Additionally, federal support for graduate students, research assistantships, and fellowships through the VA, NIH, NSF, and other federal science agencies is highly consequential for the future of psychological science. Federal training and career development awards are especially crucial to the pipeline of future psychological scientists, often making it possible for scientists in training to be paid, remain in the field, and pursue innovative scientific careers.

APA/APA Services is concerned that the proposed changes, specifically broader termination authority (*Section 200.340*), new certification requirements (*Section 200.341 and Section 200.342*), ambiguous prohibitions, and restrictions on allowable costs including additional payments justifications (*Sections 200.208 and 200.305*) could create unnecessary barriers to students and institutions when applying for these funds or make it harder for training programs to sustain community placements. For the VA, because training programs are often closely connected to academic institutions and community partners, uncertainty in federal grant funding could disrupt placements, supervision, research training, and workforce pathways that are essential to preparing psychologists to serve veterans and the broader public.

These proposed changes are particularly concerning considering recent data indicating that PhD student admissions at 55 leading research universities fell by 15 percent over the past year, with some institutions reporting declines of up to 40 percent in graduate enrollment.ⁱⁱⁱ If implemented as written, this NPRM could further worsen this troubling trend. Instead, all federal agencies should ensure that lawful education and training activities designed to strengthen the behavioral health and psychology workforce remain allowable. Agencies and departments must continue to support training programs that place students and fellows in high-need settings, including rural and frontier communities, and that continuity of funding should be protected, especially when trainees, patients, and community partners depend on ongoing services.

Access to Behavioral Health Services

The U.S. continues to face serious behavioral health workforce shortages and uneven access to mental health and substance use services. It is estimated that 158 million U.S. residents—nearly half the population—live in a mental health workforce shortage area.^{iv} In fact, nearly every county and Congressional district across the country has at least one federally designated Mental Health Professional Shortage Area. Over the next decade, these shortages are projected to persist, with rural communities

facing major challenges in recruiting licensed mental and behavioral health care professionals.^{v vi vii} According to national workforce projections, even under current policy, the U.S. will only meet 48 percent of the need for psychologists by 2038.^{viii}

These realities make federal grants and cooperative agreements vital, especially for underserved populations. Rural and frontier communities, in particular, often lack financial resources and face barriers such as acute provider shortages and infrastructure challenges, including limited transportation options, hospital closures, and broadband gaps that make them disproportionately reliant on federal funding. Veterans would also be especially vulnerable to disruptions in federal financial assistance because many rely on a coordinated network of VA, community-based, tribal, state, local, nonprofit, and academic partners for behavioral health services. Psychology is already the number one clinical workforce shortage in the VA direct care health system.

APA/APA Services is concerned that the NPRM's increased administrative uncertainty, including additional payments justifications (*Sections 200.208 and 200.305*), would especially burden smaller institutions and community-based providers such as rural clinics, small colleges, community mental health centers, tribal organizations, and nonprofit service providers which often operate with limited administrative capacity. Even modest uncertainty about allowable costs, award continuation, certifications, or termination risk can lead these organizations to lose federal funding opportunities, reduce service scope, or avoid partnerships with academic training programs.

We have already seen the consequences of this approach unfold over the past 18 months, most notably earlier this year, when thousands of active Substance Abuse and Mental Health Services Administration grants were abruptly terminated and then reinstated within 48 hours, after bipartisan intervention from Congress and key stakeholders. While these cancellations were ultimately reversed, the episode caused immediate confusion, disrupted planning, and sent a deeply destabilizing signal to grantees, weakening their ability to operate with continuity and confidence.

Conclusion

Thank you for the opportunity to provide public comments. APA/APA Services shares the commitment to ensuring that federal financial assistance is administered responsibly, transparently, and in accordance with the law. This objective, however, must be pursued in a manner that preserves the conditions necessary for high-quality scientific research, effective workforce development, and continued access to essential services.

We support meaningful efforts to reduce administrative burden in the federal funding process, including clearer notices of funding opportunities, more consistent agency guidance, streamlined reporting requirements, and predictable award administration. At the same time, such reforms should avoid introducing undue political influence into merit review, uncertainty, vague or overly broad terminology and prohibitions, duplicative certification requirements, or heightened compliance risks. These challenges are often borne most heavily by smaller grant recipients, rural grantees, and other organizations with limited administrative capacity, potentially undermining the very goals of efficiency, accountability, and program effectiveness that the proposed rule seeks to advance.

Psychological science and practice are essential to the nation's health, education, economic strength, technological leadership, and global competitiveness. Federal financial assistance rules should strengthen—not destabilize—the research, training, and service systems that allow psychology to contribute to the public good. For these and other reasons stated in these public comments, **APA/APA Services urges OMB to withdraw this rule.**

Sincerely,



Katherine B. McGuire
Chief Advocacy Officer

ⁱ Jaramillo, J., & Harkness, A. (2026). Patterns and implications of 2025 NIH-F31 grant terminations for the predoctoral training pipeline. *Health affairs scholar*, 4(3), qxag065. <https://pmc.ncbi.nlm.nih.gov/articles/PMC13032874/>.

ⁱⁱ SPARC. (2022, August 25). U.S. federal open access policies. <https://sparcopen.org/our-work/2022-updated-ostp-policy-guidance/>.

ⁱⁱⁱ Patel, V. (2026, July 6). *Research universities are admitting fewer Ph.D. students in science*. The New York Times. <https://www.nytimes.com/2026/07/06/us/research-universities-fewer-phds-science.html>

^{iv} KFF. (2024). Mental Health Care Professional Shortage Areas (HPSAs). <https://www.kff.org/other/state-indicator/mental-health-care-health-professional-shortage-areas-hpsas/>

^v U.S. Department of Labor, Bureau of Labor Statistics. Occupational Outlook Handbook, Psychologists. <https://www.bls.gov/ooh/life-physical-and-social-science/psychologists.htm#tab-6>.

^{vi} Health Resources and Services Administration. (2023). *Behavioral Health Workforce Brief*. U.S. Department of Health and Human Services. <https://bhwh.hrsa.gov/sites/default/files/bureau-health-workforce/Behavioral-Health-Workforce-Brief-2023.pdf>

^{vii} Rural Health Information Hub. (2021). *Rural Mental Health*. RHInfo. <https://www.ruralhealthinfo.org/topics/mental-health>

^{viii} Health Resources and Services Administration. (n.d.). Workforce Projections. U.S. Department of Health and Human Services. <https://data.hrsa.gov/topics/health-workforce/workforce-projections>