



August 24, 2026

Comments on the Draft NSF Guidance on Financial Assistance

Docket No. NSF-2026-OTR-0001; Information Collection 3145-0058, 91 Fed. Reg. 38030 (June 24, 2026) **Submitted by:** American Institute for Medical and Biological Engineering (AIMBE)

The American Institute for Medical and Biological Engineering (AIMBE) submits these comments on the draft NSF Guidance on Financial Assistance (GFA), which would replace the NSF Proposal and Award Policies and Procedures Guide (PAPPG, version 24-1). AIMBE represents medical and biological engineers across academia and industry, many of whom depend on federal financial assistance, primarily through NSF, NIH, and ARPA-H, to conduct the research that produces new diagnostics, medical devices, therapeutics, and health technologies.

AIMBE previously commented, on July 9, 2026, on OMB's proposed revisions to 2 CFR Subtitle A (Docket OMB-026-0034), raising concerns: discretionary termination and suspension authority; the layering of political-alignment review onto scientific merit review, including provisions withholding funding from projects touching DEI and disparate-impact analysis, the elimination of fixed-amount awards and subawards; and the use of an institution's indirect cost rate as an explicit factor in grant competitions. These concerns now bear directly on this docket since the draft GFA states that a central purpose of this revision is "[a]ligning with the proposed revisions to the Office of Management and Budget's (OMB) Uniform Guidance at 2 CFR 200 through the proposed rule published on May 29, 2026." We address each applicable concern below, and we raise an additional issue: NSF is proposing binding operational guidance around a rule OMB has not finalized.

1. NSF should not bind recipients to a termination and suspension standard borrowed from a rule that is not yet final

[Summary of Changes (Guide 25); Guide 25.A]

The Summary of Changes states that Guide 25 "[a]ligns termination provisions with the proposed revisions to 2 CFR 200," and Guide 25.A carries that through: NSF may suspend or terminate an award for cause "pursuant to 2 CFR 200.339 and 2 CFR 200.340," and may act immediately "to protect the interests of the government," without first issuing the notice of non-compliance and corrective-action opportunity that otherwise precedes termination.

As AIMBE explained to OMB, this standard is poorly suited to biomedical research. A multi-year NSF award is built on time-sensitive, often irreversible commitments, including enrolling human subjects, maintaining longitudinal cohorts, fabricating custom instrumentation, and training graduate students and postdoctoral researchers whose careers depend on award continuity. Guide 25.A incorporates “2 CFR 200.340” by cross-reference rather than restating the standard in the guide text, thus any change OMB later makes to the grounds for discretionary termination, including the proposed rule’s broader “in the interest of the Federal agency” and “national interest as they exist at the time of the termination” language, would take effect in NSF policy automatically, without NSF proposing the revised standard for public comment. AIMBE urges NSF to state the governing termination standard in the text of Guide 25 as it exists today, to retain a defined notice period and off-ramp before any discretionary termination of a multi-year research award, and to re-propose Guide 25 for comment if OMB finalizes a broader termination standard.

2. The removal of fixed-amount awards increases burden on the trainees and small organizations least able to absorb it

[Summary of Changes (Guide 1)]

The Summary of Changes states that Guide 1 “[r]emoves references to fixed-price awards to align with proposed revisions to 2 CFR 200,” and no other section of the draft preserves a fixed-amount mechanism. As AIMBE responded to OMB, fixed-amount awards and subawards are the mechanism training grants, career-development fellowships, and small-scope research or travel awards typically use to avoid full actual-cost accounting for narrow, milestone-based deliverables. Eliminating that mechanism converts every one of these awards to full cost-reimbursement accounting and reporting, which falls hardest on graduate students, postdoctoral fellows, early-career faculty, and smaller institutions without dedicated sponsored-programs offices. This runs counter to NSF’s own stated goal, echoed from OMB’s proposal, of reducing recipient burden: it increases the compliance burden on exactly the recipients least equipped to bear it, and diverts research time to administrative accounting. AIMBE urges NSF to retain the fixed-amount award and subaward mechanism in Guide 1 and Guide 7 pending the outcome of the OMB rulemaking, rather than removing it as a foregone conclusion.

3. Indirect Costs Should Not Become a Competitive Disadvantage

[Guide 8.F; Guide 12.C]

The draft GFA does not currently make an institution’s indirect cost rate a factor in award competitiveness. Guide 12.C describes standard rate negotiation, the 15% de minimis rate for recipients without a current negotiated rate, and related administration, and Guide 8.F’s funding-recommendation process makes no mention of indirect cost rate. OMB’s proposed 200.205(c)(3) would direct agencies to prefer, all else equal, institutions with lower indirect cost rates in discretionary award competitions, and the OMB preamble separately signals further unspecified changes to indirect cost recovery are under consideration.

AIMBE reiterates the concern it raised to OMB: F&A reimbursement funds the compliance and safety infrastructure, including human- and animal-subjects oversight, biosafety programs, shared imaging and fabrication cores, and research-security and data-security functions, that a negotiated rate is generally higher at institutions that have invested more heavily in. Making a lower rate an explicit tiebreaker does not identify efficient recipients; it disadvantages the academic medical centers and research-intensive universities that run the largest clinical trials and shared research cores, and it creates pressure to under-invest in compliance infrastructure to remain competitive. AIMBE recommends that NSF refrain from adding an indirect-cost-rate preference to Guide 8's merit-review or pre-award process except through a proposed guide text made available for public comment, and that any future change to Guide 12's indirect cost provisions will likewise be separately proposed.

4. NSF Should Not Finalize GFA Provisions Based on a Proposed OMB Rule

[General; Guide 1; Guide 8; Guide 12; Guide 25]

Each issue above shares a common structural problem. The GFA's Summary of Changes states that a principal purpose of this revision is aligning NSF policy with OMB's proposed 2 CFR 200 revisions, a rule whose own comment period closed July 13, 2026, and on which OMB has not issued a final rule. At least two of AIMBE's four OMB-comment issues have already been carried into binding GFA text (the termination standard in Guide 25 and the removal of fixed-amount awards in Guide 1); the other two (political-alignment review and DEI-related funding restrictions in Guide 8, and the indirect-cost-rate tiebreaker touching Guide 8 and Guide 12) do not yet appear in the draft, but the GFA's own stated alignment purpose gives no assurance they will not be added later without further notice and comment.

This sequencing asks the public to comment on NSF guidance whose relationship to a still-pending rulemaking is not clearly bounded. If OMB's final rule differs from the May 29, 2026 proposal, as is common in notice-and-comment rulemaking and as AIMBE's own comment urged with respect to all four issues, NSF would need to revise Guide 1, Guide 8, Guide 12, and Guide 25 again, and recipients who conformed their institutional practices to the interim GFA text would absorb that cost twice. AIMBE urges NSF to withhold any GFA provision that depends on the outcome of the OMB rulemaking, to retain current PAPPG policy on termination standards and fixed-amount awards in the interim, and to re-propose the affected Guide sections for public comment once OMB issues a final rule.

AIMBE supports NSF's effort to reorganize and clarify its financial assistance guidance. We urge NSF to decouple that effort from a rule OMB has not finalized, and to ensure that whatever guidance NSF ultimately adopts on award termination, merit review, fixed-amount awards, and indirect cost recovery reflects a final OMB rule and its own public comment process, rather than the proposal as currently drafted. We would welcome the opportunity to discuss these concerns further with NSF staff.