



July 13, 2026

The Honorable Russell Vought
Director
Office of Management and Budget
Washington, D.C. 20503

Re: Regulation for Federal Financial Assistance

Dear Director Vought:

The U.S. Chamber of Commerce (“Chamber”) appreciates the opportunity to provide comments on the Office of Management and Budget’s (“OMB’s”) proposed rulemaking related to federal research grants, loans, cooperative agreements, and other forms of financial assistance, and the policy frameworks that govern them.

OMB’s rulemaking arrives at an important moment. The United States is in a global race for technological leadership, economic strength, energy security, advanced manufacturing capacity, and scientific discovery. The decisions policymakers make now will help determine whether the next generation of transformative technologies is developed, scaled, and commercialized here in America, or somewhere else.

Federal financial assistance is a critical part of that equation. They help support the early-stage ideas, foundational research, and long-horizon breakthroughs that often sit beyond the reach of private capital in their earliest phases. They help universities, national laboratories, startups, and established companies take on complex technical challenges. And when structured well, they strengthen the conditions for private investment, commercialization, job creation, and long-term competitiveness.

For that reason, the Chamber supports efforts to modernize federal grant, loan, cooperative agreement, and other financial assistance programs so they are efficient, accountable, and aligned with national priorities. But modernization must be done carefully. It should reinforce the strengths of the U.S. innovation system, not create uncertainty, discourage participation, or weaken the partnerships that have helped make America the world’s innovation leader.

With that in mind, the Chamber offers the following observations and recommendations.

I. Federal Funding Plays a Vital Role in Early-Stage Innovation

The United States government has a unique and important role to play in supporting research that is too early, too uncertain, or too capital-intensive to attract significant private-sector investment at the outset.

Many of the technologies that will define the future of the U.S. economy, quantum computing, advanced energy systems, next-generation semiconductors, biotechnology, artificial intelligence, advanced materials, and other emerging fields, require years of research before commercial pathways are clear. In many cases, the scientific and technical questions are difficult, the investment timelines are long, and the risks are substantial.

That is precisely where federal research grants can be most effective. They help move promising ideas from concept to proof point. They create space for discovery. They allow researchers and businesses to explore technologies that may not yet have an obvious market application but could become essential to America's economic and strategic future.

The United States has repeatedly demonstrated that strategic federal research investments can unlock industries and markets that might never have emerged or would have emerged far more slowly through private investment alone. One example is the development of hydraulic fracturing and related unconventional oil and natural gas technologies. For decades, federal agencies, national laboratories, and university researchers supported research into shale formations, directional drilling, and advanced extraction techniques at a time when the commercial viability of those technologies remained uncertain.

Those early investments helped catalyze the shale revolution, transforming the United States into the world's leading natural gas producer, enabling the growth of U.S. liquefied natural gas exports, strengthening domestic energy security, and enhancing America's geopolitical influence in Europe, Asia, and other parts of the world. What began as high-risk research ultimately became one of the most consequential energy success stories in modern history.

Similar lessons can be found in semiconductors and commercial space. Federal agencies, including the National Science Foundation and the Department of Defense, have invested for decades in university-based semiconductor research and advanced microelectronics development. Those investments helped establish the technological foundation for today's computing ecosystem and have directly contributed to U.S. leadership in artificial intelligence, advanced manufacturing, and next-generation military capabilities.

Likewise, decades of NASA-funded research, development, testing, and procurement created the knowledge base, infrastructure, and technical capabilities that underpin today's commercial space economy. Modern satellite communications, earth observation systems, launch services, and emerging commercial space enterprises all trace part of their origins to government-supported research and development. In each case, federal funding helped absorb early-stage technical and financial risks that the private sector alone was unlikely to undertake, creating entirely new markets and generating substantial economic, scientific, and national security benefits for the United States.

Federal grants are not, and should not be, a substitute for private investment. Rather, they are a catalyst. They help de-risk early-stage work and create the foundation for downstream private-sector engagement. When this system works well, Federal support helps open the door for private capital, entrepreneurship, commercialization, and scale. That basic function should be preserved. Any changes to OMB's federal financial assistance framework should continue to support a strong pipeline of early-stage research and ensure that America remains the best place in the world to invent, build, and lead.

II. Federal Research Investments Deliver Broad Economic and Strategic Returns

The history of American innovation shows that well-designed federal research investments can deliver returns far beyond the original financial award. They can create new industries, strengthen existing ones, support high-value jobs, and improve productivity across the economy.

Federally supported research has helped lay the groundwork for major advances in communications, computing, medicine, energy, manufacturing, and defense-related technologies. These investments have not only expanded scientific understanding; they have helped generate commercial applications that benefit businesses, workers, consumers, and communities across the country.

The broader innovation ecosystem depends on these connections. Universities train talent and generate ideas. Scientific publishers ensure those ideas are validated and shared. National laboratories provide technical expertise and infrastructure. Startups bring speed and entrepreneurial energy. Established companies bring scale, supply chains, market access, and commercialization capacity. Federal financial assistance helps connect these pieces in ways that strengthen U.S. competitiveness. That ecosystem is one of America's greatest advantages. It should be treated as a strategic asset.

As OMB considers changes to the rules governing federal financial assistance, it should be mindful of how those changes may affect participation, investment decisions, research continuity, and commercialization outcomes. Rules that appear narrow on paper can have broad effects in practice. If they introduce legal uncertainty, which leads to variability in timelines and requirements, increase compliance risk, or make federal partnerships less predictable, they could discourage the very participation needed to turn research into real-world results.

III. Predictability Is Essential to Effective Public-Private Collaboration

The Chamber is particularly concerned that aspects of the proposed rulemaking could have retroactive implications for existing grants, loans, cooperative agreements, contracts, or long-standing commitments. Predictability is not a procedural nicety. It is a core condition for investment and collaboration. Companies, universities, and research institutions make decisions based on the rules in place at the time agreements are executed. They commit personnel, capital, facilities, intellectual property, and years of effort based on those expectations.

Changing the rules after the fact, or creating uncertainty about whether existing obligations may be reinterpreted, would undermine confidence in Federal partnerships. It could create legal ambiguity, disrupt ongoing research, and make businesses and research institutions more reluctant to participate in future programs. This is especially important for projects with long development timelines. In many advanced technology sectors, research and commercialization do not move in short budget cycles. They require sustained commitments, patient capital, specialized expertise, and confidence that the government will honor the terms under which partnerships were formed.

OMB should make clear in any final rule that existing agreements will be protected, provide transitional safeguards for multi-year awards, and that new requirements will not be applied retroactively. Preserving the integrity of current commitments is essential to maintaining trust among government, industry, and the research community.

We also urge that policymakers should be careful in determining how future grants are awarded as well to ensure certainty and reduce costs. Fixed amount awards are helpful in fostering accountability and certainty. Outright eliminating these kinds of disbursements could have the unintended cost of driving up grant program costs as the federal government could be responsible if project costs increase.

IV. Rules Should Be Clear, Evidence-Based, and Administrable

The Chamber also urges OMB to ensure that any revised framework is grounded in clear objectives, transparent processes, and evidence-based decision-making. Businesses and research institutions can adapt to rules when those rules are clear, lawful, consistent, and workable. What creates difficulty is ambiguity, especially when ambiguity is paired with broad political discretion, uncertain enforcement standards, increased compliance burden, or shifting interpretations.

Federal grant policy should not leave participants guessing about their obligations or second-guessing whether long-standing practices may later be viewed differently. That kind of uncertainty adds cost, slows decision-making, and diverts resources away from research and innovation.

Any final rule should therefore:

- Clearly identify the policy objectives OMB is seeking to advance;
- Prioritize mechanisms that preserve participation and innovation while meeting oversight objectives;
- Establish well-defined criteria for implementation and enforcement;
- Provide transparent processes for agency decision-making that is separate and independent from partisan political considerations;
- Avoid vague standards that could be applied inconsistently across agencies or programs;
- Include meaningful opportunities for stakeholder engagement;
- Allow for a reasonable implementation period;
- Include a clear cure process to correct or remedy issues with grants that have already been awarded;
- Preserve due process; and
- Ensure that compliance expectations are practical, proportionate, and administrable.

Smart regulation requires more than good intentions. It requires precision, discipline, and an understanding of how rules operate in the real world. A federal financial assistance framework that is clear and predictable will attract stronger participation, support better outcomes, and better serve the public interest.

V. The Federal Government Should Strengthen, Not Weaken, America's Innovation Advantage

The United States succeeds when public policy supports enterprise, investment, and discovery. Federal research grants are one of the tools government can use to help strengthen that foundation, but only if they are administered in a way that encourages participation and reinforces confidence.

The goal should be a modernized grants framework that is accountable and effective, while preserving the flexibility, stability, and collaboration that innovation requires, including through travel and participation in conferences and other activities. OMB should avoid changes that would create unnecessary uncertainty or make Federal programs less attractive to the businesses and research institutions best positioned to help deliver results.

At a time when global competitors are moving aggressively to capture leadership in critical technologies, the United States cannot afford to slow its own innovation engine. We need policies that match the scale of our ambitions: policies that support early-stage discovery, unlock private investment, protect existing commitments, and help ensure that the next generation of breakthrough technologies is developed and commercialized in America.

VI. Conclusion

The Chamber appreciates OMB's engagement on efforts to support scientific innovation, economic growth, and global competitiveness and supports the goal of ensuring that Federal grant programs remain effective, accountable, and fit for purpose.

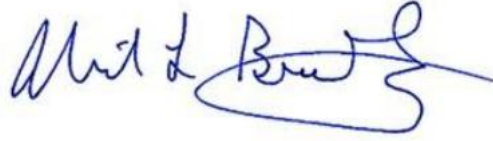
As OMB moves forward, the Chamber urges the agency to preserve the core strengths of the current research funding system, foster multi-year programs, avoid retroactive impacts, and establish clear, evidence-based guardrails that give businesses and research institutions the confidence to participate fully in Federal programs. It has helped drive economic growth, strengthen national security, and improve lives across the country. Federal grants, loans, cooperative agreements, and other forms of financial assistance have played an important role in advancing technologies and industries that are now central to U.S. economic and strategic leadership, including the development of hydraulic fracturing and unconventional natural gas production, foundational semiconductor and microelectronics research that underpins today's artificial intelligence capabilities, and the space technologies that enabled the growth of America's commercial space and satellite industries.

In each case, federal support helped de-risk early-stage research and development, attract private investment, and accelerate commercialization, producing benefits that extended far beyond the original public investment. With thoughtful policy, that ecosystem can continue to deliver groundbreaking innovations, strengthen U.S. competitiveness, and support America leadership for decades to come.

The Chamber stands ready to work with OMB, Federal agencies, and other

stakeholders to advance a final framework that supports innovation, strengthens U.S. competitiveness, and ensures that businesses of all sizes can continue to invest, grow, and lead in the development of next-generation technologies.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil Bradley", with a stylized flourish at the end.

Neil Bradley
EVP, Chief Policy Officer and
Head of Strategic Advocacy
U.S. Chamber of Commerce