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The Trump Administration Wants to Turn \$1 Trillion in Federal Grantmaking into a Political Weapon

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Takeaways

- Financial assistance—grants, loans, cooperative agreements—is the federal government’s most powerful tool for advancing US energy innovation.
- The Office of Management and Budget has issued a proposed rule—on an expedited timeline—that would introduce political interference and reduce oversight over this normally nonpartisan process.
- If this rule is finalized, it will hamper scientific research and, in turn, make the US less technologically and industrially competitive.

Limited Input, Limited Oversight, and Limits on Innovation

On May 29, the Trump Administration’s Office of Management and Budget (OMB) issued a proposed rule that would upend financial assistance regulations across the federal government.

If enacted, this rule would transform how over \$1 trillion in grants, loans, and other awards are issued and administered every year.

This is dangerous for many reasons and would cut across agencies and sectors. For the Department of Energy and the R&D it supports, it would transform traditionally bipartisan efforts into volatile, hyperpartisan fights and erode the federal government’s role as a good-faith, reliable driver of innovation.

Cutting Out the Public

In most rulemakings, OMB and other agencies are legally required to issue a proposal, solicit public feedback for 60 days, and provide substantive responses before anything is finalized. If finalized, agencies usually get a significant grace period to prepare before a rule takes effect.

In this case, despite enormous potential consequences, OMB is barreling full ahead. The agency is offering only a 45-day comment period, ending on July 13. The Trump Administration plans to implement the rule by October 1, just 10 weeks after the comment period closes.

That leaves just 6 weeks to review and answer thousands upon thousands of public comments on a rule that affects almost 15% of federal spending—or roughly 3% of the entire US economy—across 41 federal agencies.

A Partisan Slush Fund To Punish Innovators

Federal financial assistance supports a number of activities and programs that advance American innovation. But OMB's rule would be an attack on that ecosystem and add a huge burden to US businesses and researchers.

The proposed rule would empower Trump officials to cancel awards and deny objections and appeals from awardees, regardless of merit. These changes would create grave uncertainty for applicants and recipients and invite political malice and manipulation into funds meant for critical innovation.

The rule would direct federal agencies to consider a long list of criteria when selecting awardees, which includes any "history of questionable practices," including the applicant's "memberships and affiliations." The political appointee could make subjective determinations about an applicant's fitness for funding and blackball them without requiring any standard of evidence or documentation, and without any mandate to respond to appeals.

A political appointee could theoretically cancel an award just because the awardee lives in a state that voted for Democrats.

It would restrict the use of any federal award funds for attending scientific conferences or publishing research results in scientific journals, a basic and essential practice for scientists to make their work available to the public.

The rule would require awardees and sub-awardees to proactively review all of their own internal policies and procedures to eliminate consideration of "disparate-impact liability" or DEI procedures, a favorite target of President Trump. This is one of several unnecessary administrative burdens OMB is attempting to place on American innovators, solely for the sake of politics and ideology.

Essentially, all federal funding would be fully contingent on whoever holds the White House, subverting Congress's constitutional power of the purse, and inviting both parties to

use trillions in agency dollars as a partisan slush fund with little oversight. So long as presidential elections can swing either way, having political appointees personally vet awards to appease the president, rather than execute the will of Congress, should be a deeply bipartisan concern.

The Trump Administration is Sabotaging Energy Innovation

The intent of this rule is clear: to give President Trump the power to suppress federal funding for programs and organizations he doesn't like, starving important efforts in public education, healthcare, scientific research, public safety, and national security. It would also make federal grants radioactive for anyone who might seek them in the future, knowing they could be changed or revoked at any time, without recourse, whenever the White House changes hands.

This administration has already canceled billions of dollars in energy grants held by awardees in "blue states." For the energy sector, this rule change would further jeopardize US efforts to lead in nuclear energy, industrial electrification, solar energy, advanced vehicles, critical minerals, and manufacturing.

When you kneecap scientific progress, it stifles industrial progress as well.

OMB is Racing to a Destructive Policy

OMB is only accepting public comment through July 13. Thousands of commenters and several elected officials, including the (Republican) Chair of the Senate Appropriations Committee, have asked OMB to extend the comment period. At the same time, all Democratic Members of the Senate and the Ranking Members of the House and Senate Appropriations Committees, Senator Patty Murray (D-WA) and Congresswoman Rosa DeLauro (D-CT), have sent letters opposing the proposed rule.

So far, OMB has not listened.

If this proposed rule is finalized on its accelerated schedule, the magnitude of potential impacts, the number of organizations opposed, and the unreasonably abridged public comment period make court challenges likely.

Before that happens, every member of Congress, every academic institution, every innovator, investor, and advocacy organization should use every means available—sign-on letters, member network activations, awareness and education, capacity building, and beyond—to oppose this rule; demand accountability for its untenably short timeline; and

draw attention to the profound consequences of attacking something as fundamentally revered as American scientific progress.
