Comments of the White River Natural Resources Conservation District

Docket No. OMB-2026-0034-0001

July 13, 2026

Office of Management and Budget – Proposed Rule on Federal Financial Assistance

The White River Natural Resources Conservation District (WRNRCD) appreciates the opportunity to comment on the Office of Management and Budget's proposed revisions to the government-wide regulations governing Federal financial assistance.

The White River NRCD is a political subdivision of the State of Vermont established pursuant to 10 V.S.A. Chapter 31 as part of the nationwide network of Soil and Water Conservation Districts. We work in partnership with the USDA Natural Resources Conservation Service (NRCS), the Vermont Agency of Agriculture, municipalities, Tribal partners, watershed organizations, institutions of higher education, nonprofit organizations, and agricultural producers to conserve soil, water, forests, wildlife habitat, and working lands throughout central Vermont. Our work includes conservation planning, watershed restoration, agricultural technical assistance, flood resilience, forestry, workforce development, environmental education, and implementation of voluntary conservation practices supported through numerous Federal financial assistance programs governed by 2 CFR Part 200.

Unlike many recipients of Federal financial assistance, WRNRCD is not simply a grant recipient. Conservation Districts are state-created local governmental entities established to represent local conservation interests and to coordinate voluntary conservation efforts within their communities. For decades, Congress has repeatedly recognized and relied upon Conservation Districts as essential partners in delivering federal conservation programs. Through successive Farm Bills, NRCS authorities, Local Working Groups, and the federally recognized locally led conservation process, Congress has chosen to implement conservation through partnerships with independent local governmental entities that identify resource concerns, convene stakeholders, elevate community priorities, and inform federal conservation investments and improvements.

Accordingly, the proposed amendments affect more than the administration of Federal awards. They directly affect the relationship between the Federal government and one of the principal institutions Congress has repeatedly relied upon to ensure that conservation policy remains responsive to local resource needs.

WRNRCD is submitting these comments because the proposed amendments would directly affect the District's administration of Federal financial assistance, our participation in federally recognized conservation planning processes, and our statutory responsibilities as a local governmental entity.

Because our District routinely administers and partners in programs governed by 2 CFR Part 200, the proposed rule would have concrete operational, financial, and institutional consequences for the District and the communities we serve.

For the reasons discussed below, WRNRCD respectfully urges OMB to withdraw or substantially revise the proposed rule.

I. The Proposed Rule Extends Beyond Financial Management and Alters the Framework Through Which Congress Has Chosen to Deliver Federal Conservation Assistance

OMB explains that the proposed rule is intended to improve the consistency, accountability, and administration of Federal financial assistance. WRNRCD supports responsible stewardship of public funds and recognizes OMB's important role in establishing uniform administrative requirements governing Federal awards.

However, several provisions of the proposed rule extend well beyond traditional financial management.

The proposed amendments to §§ 200.205, 200.206, 200.300, and 200.340 expand Executive Branch discretion regarding applicant eligibility, organizational affiliations, funding priorities, merit review, suspension, and award termination across virtually every Federal financial assistance program. These provisions do not simply establish uniform administrative procedures; they alter the practical framework through which congressionally authorized programs are implemented.

Congress establishes the purposes of federal conservation programs, appropriates funding, and determines the framework through which those programs are delivered. OMB's delegated authority over grants management is an important administrative function, but it has historically existed to promote consistency, accountability, and sound financial management—not to redefine the substantive criteria governing who should receive Federal assistance or how congressionally authorized programs should operate.

The proposed rule represents a significant departure from that traditional role.

For conservation programs administered through USDA and its partners, the proposed amendments would shift decision-making away from a framework grounded primarily in statutory program purposes, scientific merit, technical expertise, and locally identified conservation priorities toward one in which Executive Branch discretion plays a substantially greater role in determining organizational eligibility, funding priorities, and continuation of awards.

Nothing in the Notice of Proposed Rulemaking adequately explains why these changes are necessary to improve grants management, reduce waste, improve accountability, or accomplish any of the stated objectives of the proposal. Nor does OMB evaluate the consequences of these changes for longstanding federal-state-local conservation partnerships that depend upon stable, predictable, and professionally administered Federal financial assistance.

Because the proposal reaches far beyond accounting standards or administrative procedures and instead alters the practical operation of congressionally authorized conservation programs, OMB should more fully explain the legal basis for exercising such authority and carefully evaluate the consequences for existing conservation delivery systems before finalizing the rule.

II. The Proposed Rule Undermines the Federally Recognized Locally Led Conservation Process

One of the most significant concerns raised by the proposed rule is its effect on the federally recognized locally led conservation process.

Although Conservation Districts are created under state law, Congress has repeatedly strengthened partnerships between USDA, NRCS, and Conservation Districts because locally led conservation consistently produces better conservation outcomes. Rather than creating an exclusively centralized conservation system, Congress has chosen to deliver conservation assistance through collaboration among federal agencies, state governments, Conservation Districts, Tribal governments, municipalities, agricultural producers, and other local partners.

The locally led conservation process exists because natural resource priorities cannot be effectively determined from Washington alone.

Every watershed faces different challenges. Agricultural systems vary dramatically across regions. Flood risks, drought conditions, soil characteristics, forestry practices, wildlife habitat needs, infrastructure constraints, and community priorities differ from one landscape to another. Congress recognized these realities by supporting a conservation delivery system that begins with local knowledge and local participation.

Federal conservation programs have long operated through a model of cooperative federalism, relying upon collaboration among Federal agencies, states, Conservation Districts, Tribal governments, municipalities, and private landowners. The proposed rule does not meaningfully evaluate how increased centralization of funding discretion may affect this longstanding governance model.

Within that system, Conservation Districts perform functions that extend well beyond project administration.

Districts convene Local Working Groups, facilitate community engagement, identify emerging resource concerns, evaluate implementation barriers, coordinate among conservation partners, recommend funding priorities, and communicate those recommendations to NRCS and other federal agencies. Districts also provide feedback regarding program effectiveness, identify gaps in technical assistance, recommend improvements to conservation policy, and elevate the concerns of farmers, municipalities, and local communities.

This advisory role is not incidental to federal conservation policy.

It is one of the principal mechanisms through which Congress has sought to ensure that federal conservation investments remain responsive to local conditions, scientific evidence, and community priorities.

Congress has not left conservation priorities undefined. Through conservation statutes, successive Farm Bills, NRCS technical standards, program ranking criteria, State Technical Committees, and the federally recognized locally led conservation process, Congress and USDA have already established a comprehensive framework for identifying conservation priorities and directing Federal investments. The proposed rule would overlay an additional layer of Executive Branch discretion without explaining why Congress's existing framework is insufficient or why additional discretionary authority is necessary.

The proposed amendments to §§ 200.205, 200.206, 200.300, and 200.340 move federal conservation policy in the opposite direction.

By expanding Executive Branch discretion regarding organizational eligibility, merit review, funding priorities, and award continuation, the proposal reduces confidence that conservation investments will continue to be guided principally by statutory program purposes, demonstrated resource concerns, technical merit, and priorities identified through the locally led conservation process.

OMB has not meaningfully evaluated how these provisions would affect the operation of Local Working Groups, Conservation Districts, or the broader locally led conservation framework that USDA has relied upon for decades. Nor does the proposal explain why weakening the independence of federally recognized local conservation partners would improve the administration of Federal financial assistance.

That omission is significant.

The locally led conservation process is itself an accountability mechanism. It provides USDA and Congress with independent, community-based information regarding conservation needs, program performance, implementation barriers, and opportunities for improvement. If local governmental partners begin to perceive that future funding decisions may be influenced by broader discretionary considerations unrelated to statutory conservation purposes, the quality and independence of that feedback is likely to diminish.

Rather than strengthening accountability, the proposed rule risks weakening one of the principal accountability mechanisms Congress has incorporated into federal conservation delivery.

III. The Proposed Rule Creates a Structural Conflict Between the District's Public Responsibilities and Its Role as a Recipient of Federal Financial Assistance

The most significant concern raised by the proposed amendments is not simply the possibility that Federal awards may be denied, suspended, or terminated. Rather, the proposed rule creates a structural conflict for local governmental entities whose public responsibility is to independently represent the interests of their communities while simultaneously relying upon Federal financial assistance to carry out congressionally authorized conservation partnerships.

Conservation Districts occupy a unique position within the federal conservation system. Unlike most recipients of Federal financial assistance, Districts serve two distinct functions simultaneously. We administer federally supported conservation programs while also serving as state-created local governmental entities responsible for identifying conservation priorities, coordinating local participation, elevating community concerns, and providing candid recommendations regarding conservation policy and program implementation. Through the federally recognized locally led conservation process, Congress has repeatedly relied upon Conservation Districts to communicate community priorities and inform federal conservation investments. The proposed rule does not distinguish between organizations acting solely as grant recipients and governmental entities whose statutory responsibility is to provide independent advice regarding the implementation and improvement of Federal programs.

This role frequently requires Districts to identify deficiencies in existing programs, recommend changes to funding priorities, advocate for additional resources, identify barriers affecting agricultural producers, and communicate local concerns to USDA, NRCS, Congress, and state agencies. The effectiveness of the locally led conservation process depends upon Districts being able to perform these responsibilities honestly, independently, and without regard to changing political priorities.

The proposed amendments to §§ 200.205, 200.206, 200.300, and 200.340 create uncertainty regarding whether that independence can be fully maintained.

While the proposed rule expands Executive Branch discretion in several significant respects, it provides few objective standards governing when and how that discretion should be exercised. This uncertainty reduces predictability for recipients and increases the risk of inconsistent administration across agencies implementing the Uniform Guidance.

Sections 200.205 and 200.300 increase Executive Branch discretion regarding merit review and the role of presidential policy priorities in funding decisions. Section 200.206 expands agency discretion regarding organizational eligibility, while § 200.340 substantially broadens authority to terminate or discontinue awards.

Collectively, these provisions create a regulatory framework in which local governmental entities must reasonably consider whether independent policy recommendations, criticism of existing federal programs, advocacy for alternative conservation priorities, or participation in public policy discussions could influence future eligibility for, or continuation of, Federal financial assistance.

Public confidence in Federal financial assistance depends upon viewpoint-neutral administration based on objective statutory criteria rather than perceived agreement or disagreement with current Executive Branch policy positions. This principle is particularly important where, as here, Congress has relied upon independent local governmental entities to provide candid recommendations regarding the implementation and improvement of federal conservation programs.

The issue is not whether any particular administration would exercise these authorities inappropriately.

Rather, the concern is that the proposed rule itself creates the appearance, and therefore the reasonable perception, that future Federal assistance may become increasingly dependent upon considerations beyond the statutory purposes of conservation programs and the technical merits of proposed projects.

That perception alone has important consequences.

Local governmental entities should never be required to weigh whether fulfilling their public responsibilities could jeopardize their ability to continue serving their communities through Federal conservation partnerships.

The practical effect is a predictable chilling effect on independent participation in the very advisory and planning processes Congress has repeatedly encouraged USDA to utilize.

IV. The Proposed Rule Raises Significant Questions Regarding OMB's Delegated Authority and Congress's Conservation Policy Framework

WRNRCD recognizes OMB's important role in establishing uniform administrative requirements governing Federal financial assistance. Consistent financial management standards promote accountability, transparency, and responsible stewardship of public funds across the Federal government.

However, the proposed amendments raise significant questions regarding whether government-wide grants management regulations should be used to make substantive policy changes affecting the implementation of congressionally authorized programs.

Congress establishes the purposes of federal conservation programs, appropriates funding, identifies eligible activities, and has repeatedly chosen to deliver those programs through partnerships with state-created Conservation Districts and other local governmental entities. Congress has also established statutory and administrative mechanisms—including technical standards, ranking criteria, State Technical Committees, and the federally recognized locally led conservation process—to identify conservation priorities and guide Federal investments.

OMB's delegated authority has historically been directed toward promoting consistent administrative and financial management requirements. The proposed amendments to §§ 200.205, 200.206, 200.300, and 200.340 extend beyond those traditional administrative functions by materially affecting organizational eligibility, funding priorities, merit review, and award continuation across congressionally authorized programs.

The Notice of Proposed Rulemaking does not adequately explain why these changes fall within OMB's delegated authority, why Congress's existing framework for establishing conservation priorities is insufficient, or why expanding Executive Branch discretion is necessary to accomplish the stated objectives of improving grants management and financial accountability.

These questions are particularly important because the proposal affects not only private grant recipients, but also state-created governmental entities that Congress has repeatedly recognized and relied upon to implement federal conservation policy through the locally led conservation process.

V. The Proposal Weakens Science-Based, Community-Based Conservation Decision-Making

Federal conservation programs have historically relied upon scientific expertise, technical standards, and locally identified resource concerns to determine where conservation investments will produce the greatest public benefit.

The proposal also appears inconsistent with USDA's longstanding emphasis on locally led conservation, collaborative planning, stakeholder engagement, and community-driven priority setting. OMB does not explain why government-wide grants regulations should move away from the collaborative conservation model USDA has spent decades developing.

Conservation Districts routinely work alongside and/or employ soil scientists, engineers, foresters, wildlife biologists, hydrologists, agronomists, economists, municipal officials, and agricultural producers to develop conservation strategies tailored to local conditions.

These decisions are necessarily interdisciplinary.

Effective conservation depends upon objective evaluation of watershed conditions, soil characteristics, ecological function, agricultural viability, engineering feasibility, and community priorities—not upon uniform national assumptions or changing political priorities.

The proposed amendments create uncertainty regarding whether statutory conservation purposes, scientific merit, technical expertise, and locally identified priorities will continue to serve as the principal basis for Federal funding decisions.

This uncertainty affects more than individual grant awards.

It influences how local governments plan long-term conservation initiatives, how producers view voluntary conservation programs, how community partnerships are developed, and whether technical staff can confidently recommend investments requiring commitments that extend well beyond a single grant cycle.

Federal conservation programs have earned the confidence of agricultural producers and local governments because they have historically been administered according to transparent statutory purposes, objective technical standards, and collaborative local planning.

The proposed rule risks diminishing that confidence by introducing broader discretionary considerations into decisions regarding eligibility, funding priorities, and continuation of awards.

For voluntary conservation programs, trust is infrastructure.

Producers participate because they believe conservation decisions will be based upon resource needs, technical merit, and locally identified priorities. Local governments invest in partnerships because they believe they can communicate candidly with Federal agencies while continuing to serve as independent representatives of their communities.

Any regulatory change that weakens those expectations ultimately weakens the effectiveness of the conservation programs themselves.

VI. The Proposed Rule Will Reduce Conservation Capacity and Increase Administrative Risk for Local Governmental Partners

The proposed amendments would have practical consequences extending well beyond the administration of individual Federal awards.

Conservation programs are inherently long-term. Watershed restoration, riparian buffer establishment, soil health improvements, flood resilience projects, forest management, conservation planning, agricultural infrastructure, and workforce development frequently require planning horizons measured in years or decades. Conservation Districts invest in technical expertise, build long-standing partnerships, and encourage producers and municipalities to undertake voluntary conservation projects based upon the expectation that Federal conservation programs will continue to operate under stable, transparent, and predictable standards.

The expanded discretion proposed in §§ 200.205, 200.206, 200.300, and 200.340 introduces uncertainty into that system.

For decades, Conservation Districts and their partners have developed staffing, technical capacity, long-term agreements, and conservation delivery systems in reliance upon the existing framework governing Federal financial assistance. The Notice of Proposed Rulemaking does not meaningfully evaluate these substantial reliance interests or explain why disrupting them is necessary to accomplish the stated objectives of the proposal.

As local governmental entities, Conservation Districts must make decisions regarding staffing, technical capacity, program development, and long-term conservation initiatives. Increased uncertainty regarding organizational eligibility, continuation of awards, and the criteria governing Federal assistance makes those decisions more difficult and ultimately reduces local conservation capacity.

The consequences extend beyond Conservation Districts themselves.

Agricultural producers, municipalities, watershed organizations, Tribal governments, nonprofit organizations, and other conservation partners depend upon local governmental institutions to coordinate conservation efforts and help navigate Federal programs. Any reduction in the independence or capacity of Conservation Districts directly affects the broader conservation delivery system that Congress has developed through decades of federal-state-local partnership.

The Notice of Proposed Rulemaking does not meaningfully evaluate these operational consequences, nor does it explain why these foreseeable impacts are justified by the stated objectives of the proposal.

VII. Requested Revisions

For the reasons discussed above, the White River Natural Resources Conservation District respectfully requests that OMB withdraw the proposed rule or substantially revise it before adoption.

At a minimum, OMB should:

1. Revise §§ 200.205, 200.206, 200.300, and 200.340 to ensure that decisions regarding Federal financial assistance remain grounded in statutory program purposes, demonstrated programmatic need, technical merit, scientific evidence, and other criteria established by Congress for the applicable program.

2. Clarify that participation in federally recognized advisory activities—including Local Working Groups, watershed planning, conservation planning, public comment, policy development, recommendations regarding Federal programs, and other forms of governmental participation—shall not constitute grounds for denying, conditioning, suspending, terminating, or declining to renew Federal financial assistance.

3. Clarify that state-created local governmental entities serving congressionally recognized roles in the delivery of Federal programs shall not be adversely evaluated based upon their independent policy recommendations, public comments, advocacy on behalf of their communities, or participation in federally authorized advisory and planning processes.

4. Preserve independent merit review, technical expertise, and scientific evaluation as the primary basis for award decisions wherever Congress has established those principles within individual Federal programs.

5. Evaluate and address the impacts of the proposed amendments on existing federal-state-local conservation partnerships, including the federally recognized locally led conservation process, before adopting any final rule.

6. More fully explain the legal basis for expanding Executive Branch discretion over eligibility, funding priorities, and award continuation beyond traditional financial management requirements, and explain how those changes are consistent with Congress's longstanding framework for delivering Federal conservation assistance through partnerships with state-created Conservation Districts and other local governmental entities.

Conclusion

The White River Natural Resources Conservation District supports responsible stewardship of Federal funds, consistent grants management, and appropriate accountability for recipients of Federal financial assistance. Those objectives have long been shared by Conservation Districts and our federal, state, and local partners.

Our concern is not with improved financial accountability.

Rather, our concern is that several provisions of the proposed rule extend beyond administrative grants management and alter the longstanding relationship between the Federal government and the independent local governmental entities that Congress has repeatedly recognized as essential partners in delivering conservation programs.

State-created Conservation Districts occupy a unique role within the federal conservation system. We are not merely recipients of Federal financial assistance. We are local governmental institutions charged with representing our communities, identifying conservation priorities, convening local stakeholders, providing candid recommendations regarding Federal conservation programs, and helping ensure that Federal investments reflect local resource conditions and community needs.

The federally recognized locally led conservation process depends upon that independence.

If local governmental entities begin to perceive that organizational eligibility, continuation of awards, or future funding decisions may be influenced by factors beyond statutory program purposes, technical merit, and locally identified resource concerns, the independence of that process is diminished. Even absent any actual exercise of that discretion, the regulatory framework itself creates uncertainty that may discourage candid participation in the advisory and planning processes Congress has repeatedly encouraged USDA and its partners to utilize.

For decades, Congress has chosen to deliver conservation assistance through collaboration rather than centralization. It has recognized that conservation succeeds when Federal agencies, state governments, Conservation Districts, Tribal governments, municipalities, agricultural producers, and local communities work together to identify priorities and develop solutions informed by science, technical expertise, and local knowledge.

Nothing in the Notice of Proposed Rulemaking demonstrates why departing from that longstanding framework is necessary to improve the administration of Federal financial assistance, nor does OMB meaningfully evaluate the effects of the proposed amendments on the federally recognized locally led conservation process.

The proposed rule also does not explain why existing statutory and regulatory safeguards—including Single Audit requirements, agency oversight, Inspector General investigations, performance reporting, suspension and debarment authorities, and existing grant termination provisions—are insufficient to address waste, fraud, abuse, or poor performance. Before expanding discretionary authorities across virtually all Federal assistance programs, OMB should explain why existing oversight mechanisms are inadequate and why these additional authorities are necessary.

The White River Natural Resources Conservation District respectfully urges OMB to withdraw the proposed rule or substantially revise it to preserve the independence of state-created Conservation Districts, maintain the integrity of the locally led conservation process, and ensure that Federal conservation assistance continues to be administered in a manner consistent with the framework Congress has established for delivering voluntary conservation programs.

Thank you for the opportunity to submit these comments and for your consideration of the concerns raised herein.