ADVANCE CTE
State Leaders Connecting Learning to Work

Association for Career and Technical Education
ACTE

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Office of Management and Budget
Office of Federal Financial Management
725 17th Street, NW
Washington, DC 20503

**In re: Comments on the Proposed Rule, Regulation for Federal Financial Assistance (Docket OMB-2026-0034; FR Doc. 2026-10817; 91 FR 32198)**

To Whom It May Concern:

On behalf of Advance CTE, the nation's longest-standing not-for-profit representing State leaders responsible for secondary, postsecondary and adult Career and Technical Education (CTE) across all 50 states and U.S. territories, and the Association for Career and Technical Education (ACTE), the nation's largest not-for-profit association committed to the advancement of education that prepares youth and adults for career success, we are writing in response to the Office of Management and Budget's (OMB) proposed rule revising the government-wide requirements for federal financial assistance at 2 CFR, published in the Federal Register on May 29, 2026.

Our organizations represent thousands of state and local CTE leaders and practitioners who administer programs funded through the Carl D. Perkins Career and Technical Education Act (Perkins V). Perkins V allocates funds to every state, U.S. territory, and outlying area by statutory formula and states in turn distribute the substantial majority of those funds by formula to local educational agencies, postsecondary institutions, and area technical centers. The proposed rule would therefore impact every state and territory and many thousands of local recipients, along with the CTE programs and the roughly 12 million learners they serve each year.

We share OMB's commitment to responsible stewardship of federal funds and we note that the proposed rule identifies reducing recipient burden as one of its three core objectives, consistent with the Administration's broader commitment to easing federal administrative requirements on states and local communities and returning decision-making to those closest to learners.

Yet, as drafted, several provisions in this proposal run directly counter to these purported objectives, while creating new federal requirements that are wholly incongruent with formula-driven programs, particularly where States serve as the primary or initial grantee. The proposal also would restrict activities Congress expressly authorized and impose significant implementation costs that OMB has not meaningfully sought to quantify or estimate. Nowhere in this proposal or in the accompanying Regulatory Impact Analysis does OMB demonstrate, or even argue with specificity, that this rule will make administration easier or less burdensome for states and local governments. OMB must resolve this fundamental contradiction before finalizing the rule. To achieve this, we offer the following recommendations towards these shared goals.

1. **Remove proposed cost principle changes that conflict with activities Congress authorized under Perkins V [200.432, 200.454, 200.421]**

The proposed revisions to the cost principles in Subpart E of the proposal would newly restrict several categories of costs that are often central to how Perkins V operates by statutory design. For example, proposed § 200.432 would make conference and event participation costs allowable only where expressly approved by the federal agency and then only if they are subsequently formally reflected in the terms and conditions of the award. Proposed § 200.454 would similarly require prior written federal approval and usage embedded in a grant award's terms and conditions for membership costs, as well as make subscriptions to professional and technical periodicals unallowable. Proposed § 200.421 would make advertising and public relations costs broadly unallowable in similar ways, despite the current administration actively encouraging Perkins V grantees to leverage federal funding in this manner.[1]

These restrictions cannot be reconciled with the statutory design and requirements of Perkins V. Congress did not simply permit professional development for CTE educators, faculty, and administrators—it required it, directing States in Section 124 to use a portion of their leadership funds for this purpose. Congress likewise expressly authorized local recipients under Section 135 to support career and technical student organizations (CTSOs) and the continued professional growth of CTE personnel. These are core activities Congress wrote into the statute because they are central to CTE program quality. Technical skills competitions, industry-connected convenings, and structured opportunities for students to build professional networks and social capital are how learners demonstrate mastery in applied settings and connect directly with the employers who help set the standards their programs are measured against. Precluding membership in these and other critical CTE-focused organizations and associations will diminish the availability of high-quality CTE, rather than increase it.

Professional development conferences, in turn, are frequently the primary mechanism through which States implement CTE educator-quality strategies embedded in their approved Perkins V State plans. This proposal therefore risks significantly exacerbating critical shortages of qualified CTE teachers and instructors, which will limit opportunities for learners to pursue these programs. These impacts, along with the future consequences of this rulemaking outlined below, are wholly inconsistent with the Trump Administration's stated goal of expanding and promoting CTE.

Under the proposed rule nearly all of these statutorily grounded activities would be swept into the definition of "conferences" under § 200.432 and made contingent on express, case-by-case approval by the awarding agency, with parallel prior-approval requirements attaching to membership costs, like those for CTSOs, under § 200.454. The compliance mechanism envisioned by OMB in this rule cannot function within the architecture of a formula program. Perkins V funds flow by statute to every State and, through them, to thousands of local school districts and postsecondary institutions. Neither the Department nor a State eligible agency can realistically enumerate in advance, within the terms and conditions of a formula award, every competition, convening, and professional development event that recipients will legitimately need to support over the course of a program year. The predictable result is that this rule will prevent supporting the very activities Congress explicitly authorized—and in the case of professional development, mandated. Where a proposed regulation would render statutorily required activities functionally unallowable, the conflict should

[1] TEGL 11-25, https://www.dol.gov/sites/dolgov/files/ETA/advisories/TEGL/2025/TEGL%2011-25/TEGL%2011-25%20%28Complete%20Document%29.pdf.

be resolved in favor of the statute, a principle the proposed rule itself acknowledges in § 200.101(d) and § 200.202(c).

Similarly, Perkins V requires every local recipient to conduct a comprehensive local needs assessment (CLNA; Sec. 134) that evaluates program alignment with state, regional, and local labor market needs and helps to drive local-level decisionmaking predicated on real data and community needs. State and local CTE agencies meet that statutory obligation in part through subscriptions to labor market information and analytics services, which the proposed § 200.454 appears to categorically disallow without any exception pathway. The proposal's restrictions found in § 200.421 are similarly incompatible with the outreach activities outlined throughout Perkins V, including recruiting learners into CTE programs, promoting work-based learning and apprenticeship opportunities to employers, and raising awareness of programs serving learners preparing for nontraditional fields, which are each core programmatic functions under the statute rather than public relations.

The proposal acknowledges at § 200.101(d) that program statutes take precedence wherever they conflict with the proposed regulation, but it makes no effort to outline the proposed cost principles against statutes like Perkins V, leaving grantees to resolve those tensions themselves under threat of potential federal sanction. Putting states in this position also increases administrative burden on state agencies, who will be continually tasked with reviewing and determining how to ensure compliance between this rule and existing federal statute. In practice, that uncertainty alone will create a regulatory environment that will force states and local grantees to err on the side of caution, pulling back from statutorily authorized activities well before any formal legal question is resolved. A government-wide cost regulation should not place grantees in the position of parsing judgments Congress has already made with regards to the federal program that they are overseeing and administering.

***We therefore urge OMB to remove these cost allocation restrictions and retain the existing reasonableness (§ 200.404) and allocability (*§ 200.405) *standards under which these costs are allowable when necessary, reasonable, and allocable to the federal award.***

2. **Exempt formula grant programs and state grantees from prior approval requirements [200.432, 200.454]**

The approval process the proposed cost principles envision reflects the structure of competitive discretionary grants, in which an applicant proposes specific activities, negotiates a budget, and receives an award whose terms and conditions can memorialize agency approvals. As OMB is aware, formula programs do not operate in this manner. States receive Perkins V allocations established by statutory formula and the U.S. Department of Education does not negotiate activity-level terms and conditions with each state, much less with the thousands of local district and institutional subrecipients that ultimately expend the vast majority of Perkins V funds. There is no established process through which a state CTE agency, a school district, or a community college could seek and obtain the express federal approvals that proposed §§ 200.432 and 200.454 contemplate and the proposed rule does not even attempt to create such a process.

Further, conferences, technical assistance convenings, and professional development opportunities routinely arise *after* awards are issued, often in direct response to new federal developments or challenges related to program implementation or student achievement. A recipient facing a mid-year opportunity would confront three options: forgo the training, incur the cost and risk a questioned-cost finding later on, or absorb the cost with non-federal funds that many recipients, especially small and more rural grantees, do not have.

These restrictions also cut against the responsiveness Congress deliberately built into Perkins V. The law is predicated on the idea that States and local recipients must be able to adapt quickly to shifting labor market conditions. For instance, the aforementioned CLNA, state-determined program quality indicators, and the broad discretion afforded under Sections 124 and 135 all exist so that recipients can direct resources, including professional development investments, toward the career fields employers actually need as those needs emerge. When a State identifies a surge in demand for educators prepared to teach in advanced manufacturing, health sciences, or AI-enabled occupations, the statute expects that State to pivot within the program year, not to wait for the next award cycle. A prior-approval requirement that fixes allowable convenings and professional development activities in the terms and conditions of an award at the moment it is made is fundamentally at odds with this design. Congress has reinforced this intent repeatedly, including through its recent use of the Education Flexibility Partnership Act (ED-Flex), which reflects a longstanding judgment that state education agencies should have more latitude in administering federal education funds, not less.

The proposed prior-approval requirements would also penalize precisely the kind of cross-program coordination that the Administration has repeatedly sought to promote over the last year. States and local recipients routinely use Perkins V funds alongside resources from ESSA, WIOA, and other federal programs to support shared professional development priorities, an approach that can stretch limited resources and align efforts across systems. Under the proposed rule, a single professional development convening supported by multiple funding streams could require separate approvals from multiple awarding agencies, each operating on its own timeline and each capable of reaching a different determination about the same activity. Faced with that prospect, recipients will predictably retreat to single-source funding or forgo the activity altogether, undermining the exact sort of cross-program coordination the Administration has sought to promote through its proposed talent strategy for the nation.[2]

Perkins V recipients already operate within a comprehensive accountability structure that examines both programmatic and fiscal compliance. For instance, federally approved State plans, State-approved local applications, annual performance reporting, Single Audit requirements under Subpart F of this same guidance, and regular programmatic and fiscal monitoring conducted by OCTAE and by state eligible agencies over their subrecipients are all already part of the grantmaking process. Accountability for these funds is built into the statute and into the federal-state administrative relationship itself. None of these aspects of the proposal increase these accountability systems. Rather, they increase grantee and recipient burden and contribute to significant regulatory uncertainty and associated liability risk. Given staffing capacity at both ED and the U.S. Department of Labor has been significantly reduced in the last year and a half, it remains wholly unclear how the federal government, or the state agencies through which Perkins V funds flow, are resourced or positioned to process case-by-case approval requests at the volume this rule would generate across 50-plus state grantees and thousands of local recipients each program year. And these new and significant compliance costs are not limited to Perkins V, but would be compounded by similar needs across hundreds of other education and workforce development programs with a similar focus on professional development and related activities.

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[2] https://www.dol.gov/sites/dolgov/files/OPA/newsreleases/2025/08/Americas-Talent-Strategy-Building-the-Workforce-for-the-Golden-Age.pdf

***We recommend that OMB exempt formula programs and State grantees from these prior-approval requirements or, if some approval mechanism is retained, permit approval at the program or budget-period level through existing state plan and local application processes rather than event-by-event federal review.***

3. **Apply the distinction between discretionary and formula programs consistently [200.340, 200.101]**

The proposed rule already recognizes that programs funded by statutory formula are categorically different from discretionary awards. In § 200.340, OMB outlines that its expanded discretionary termination and suspension provisions are generally applicable to discretionary awards but not to awards made under programs where legislation establishes an entitlement to the funds, such as block grants, formula grants, and disaster recovery grants. OMB explains that this distinction reflects the fact that the funding relationship in such programs is established by Congress rather than by agency discretion.

That same logic applies with equal force to the cost principle provisions described above. The prior-approval requirements in §§ 200.432 and 200.454 presuppose a negotiated, discretionary grant relationship—one that § 200.340 correctly recognizes does not exist within the context of formula grant programs. Applying that distinction in only one section of the rule produces an incoherent result. Formula grantees would be exempt from discretionary termination because their programs are established by statute, yet they would still be subject to case-by-case federal approval requirements that, for the same reason, the structure of those programs does not allow them to satisfy. Put more simply, an approval mechanism that cannot be realistically satisfied simply serves as a de facto prohibition of these activities.

***We recommend that OMB carry its formula-program distinction through the rule consistently, exempting formula programs like Perkins V from prior-approval requirements that presuppose negotiated award terms.***

4. **Apply the distinction for State grantees consistently [200.305, 200.303]**

The proposed rule also recognizes that state grantees are inherently and materially different from other federal grant recipients. For instance, proposed § 200.305 would require payment requests to include written justifications describing the purpose of the payment and the specific award-related work it supports, but expressly limits that requirement to recipients and subrecipients other than states. The rule elsewhere treats states as a distinct class with their own established systems, including proposed § 200.303(g), which addresses state pre-payment verification while expressly declining to dictate the specific related systems states must use. OMB also retained the framework of § 200.317, under which states follow their own procurement policies and procedures. Beyond the four corners of this rule, states operate under the Single Audit Act, negotiated statewide cost allocation plans, and mature financial management and monitoring systems that federal law has recognized for decades.

Having acknowledged in § 200.305 that states' own federally recognized management frameworks make a per-transaction federal justification requirement unnecessary, OMB should apply the same reasoning to the cost principles. A state CTE agency operating under an approved state plan, a statewide cost allocation plan, annual Single Audits, and federal monitoring does not need case-by-case federal pre-approval to determine that attendance at a national program-administration convening or membership in a professional organization is necessary and allocable to its Perkins V award. Subjecting state grantees to transaction-level federal approval frameworks while simultaneously exempting them from payment justification on the grounds that their systems are trustworthy is entirely inconsistent.

***We recommend that OMB extend the state-grantee treatment reflected in § 200.305 to the cost principles, exempting state grantees from the prior-approval requirements of §§ 200.432 and 200.454 in recognition of the established oversight frameworks under which states already operate.***

5. **Apply any new payment justifications and condition-change authorities through defined risk-based approaches only [200.208, 200.305]**

We also note that even where the proposal exempts states, its operational burdens flow downstream further into the CTE enterprise. Perkins V local recipients are subrecipients, meaning the per-payment justification requirement in § 200.305 would impact and burden schools, districts, community and technical colleges, and area technical centers directly. Proposed § 200.208 would further authorize federal agencies to add or change specific award conditions during the period of performance, including shifting recipients to reimbursement-only payment, based on an undefined standard of elevated programmatic risk.

Local education budgets are built on academic-year cycles with limited reserves or margin for error. Material changes to a federal grant mid-year will disrupt and negatively harm CTE instruction, equipment procurement, and work-based learning commitments to students and employers. These provisions add documentation and cash-flow risk throughout the system while OMB offers no explanation of how they reduce burden for the state and local entities that administer these funds. Faced with these significant new regulatory requirements and increased associated risk, we are deeply concerned that small and rural grantees will simply forgo the use of federal CTE funding entirely, reducing access and opportunities for students in rural or economically disadvantaged communities.

***We recommend that OMB apply any new payment-justification and condition-change authorities through risk-based approaches with defined standards and preserve payment predictability for formula-program subrecipients.***

6. **Extend the effective date of the proposed rule [200.110]**

OMB proposes that the final rule take effect on October 1, 2026, following a 45-day comment period on a rewrite of the entire government-wide grants framework. State Perkins V plans, local application templates, subaward terms, and fiscal policies are developed well in advance of each program year, and a final rule issued only weeks before its effective date would leave states developing guidance for thousands of local recipients, revising internal controls, and retraining staff on a highly compressed timeline. Even without an immediate mid-cycle disruption, that compression invites inconsistent interpretation and implementation across states, an outcome that would generate exactly the administrative uncertainty this rulemaking claims to reduce.

***We recommend that OMB delay the effective date of any final rule to no earlier than one full year following the promulgation of a final rule. An effective date for a new rule this far-reaching should necessarily be aligned to a full award cycle and provide implementing guidance for formula programs well in advance of that date.***

**OMB Has Not Demonstrated That This Rule Reduces State and Local Burden**
The concerns outlined above are individually significant but, taken together, demonstrate that this proposed rulemaking will increase rather than decrease administrative burden on states and local grantees. Cumulatively, the proposal introduces new pre-approval requirements, new documentation obligations, new payment justifications, expanded mid-performance condition authority, and new compliance liability across a system of one state agency in every state and thousands of local recipients, most of which operate with limited administrative staff and related capacity.

Yet the accompanying Regulatory Impact Analysis characterizes the rule's costs as modest and its benefits as qualitative, without even attempting to quantify the implementation costs that formula grantees will bear or analyzing how a case-by-case approval regime would function at the scale of programs like Perkins V or other formula-driven education and workforce development programs. The proposal asserts burden reduction as an objective. However, it does not demonstrate burden reduction anywhere in its analysis. For state and local formula grantees the provisions identified in this comment clearly increase State and local grantee burden. This is difficult to reconcile with the Administration's wider deregulatory efforts, including the U.S. Department of Education's recent steps to streamline Perkins V reporting requirements and return "decisionmaking authority to states" which this rule would effectively undermine.

**Conclusion**
State and local CTE leaders have long records of clean audits, rigorous accountability under Perkins V's performance framework, and responsible stewardship of federal funds. We support transparency and oversight. However, a rule whose stated purpose includes reducing recipient burden should not, in operation, impose unworkable approval processes on formula programs, restrict activities Congress expressly authorized, and decline to analyze the costs it shifts onto or creates for states and local communities. We urge OMB to adopt the recommendations above so that the final rule honors both the distinctions the proposal itself draws and the Administration's commitment to returning decision-making authority to those closest to learners.

We appreciate the opportunity to submit comments on this proposal. Should you have any questions or would like to discuss the issues raised here further, please do not hesitate to contact ACTE's Chief Policy, Research and Content Officer Alisha Hyslop (ahyslop@acteonline.org) or Advance CTE's Federal Policy Advisor, Steve Voytek (svoytek@careertech.org).

Sincerely,

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