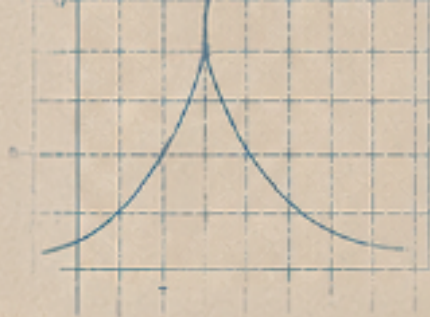




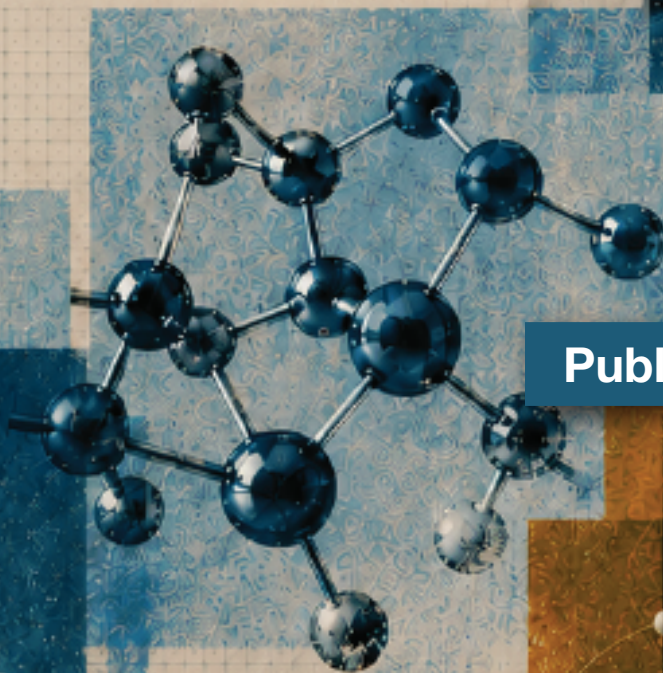
EFI
FOUNDATION



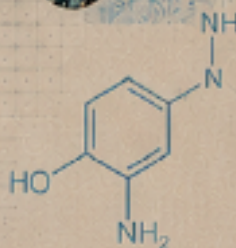
OMB Proposal Could Hinder U.S. Energy Innovation

Part of an EFI Foundation Series

The
Energy
Innovation
Project



Public Comment



OMB Proposal Could Hinder U.S. Energy Innovation

Author

Rachel Holzer.....*Research Associate*

Communications Team

Lizi Bowen.....*Deputy Director of Communications*

Paddy Ryan.....*Managing Editor*

Alex Miller.....*Communications Associate*

Additional Contributors

Joe Hezir.....*President and CFO*

Robert Marlay.....*Distinguished Associate*

Alex Kizer.....*Executive Vice President*

Katelyn O'Dell Dean.....*Senior Research Lead*

Sarah Frances Smith..... *Deputy Director of Energy Innovation*

Akhila Mullapudi.....*Research Analyst*

July 2026

Introduction

Federal research grants are the mechanism through which the U.S. Department of Energy (DOE) translates public investment into scientific discovery. The technologies, knowledge, and relationships that drive energy innovation emerge from a research enterprise built over decades to identify the best proposals, support long-term investigations, and disseminate findings to the broader scientific community and private industry. A defining strength of this enterprise is its openness to talent, investment, and collaboration from around the world.

The United States has flourished under this model, deriving a durable strategic advantage in innovation, economic prosperity, and national security from a research ecosystem that connects global expertise with domestic capabilities. Maintaining these advantages requires a funding and policy environment with sufficient stability for institutions, investors, and aspiring researchers to make long-term commitments. Universities and private investors make those commitments based on established expectations about federal funding, while early-career researchers look to the same signals when deciding whether to enter the field. Abrupt policy changes can therefore produce unintended consequences that extend well beyond the projects they directly affect. Disrupting those expectations can create a cooling effect on investment and participation, weakening the research capacity on which future innovation depends. These effects are rarely captured in regulatory analyses, yet they can shape the nation's scientific and technological trajectory for years to come. Policies that alter the conditions under which this research enterprise operates warrant careful scrutiny.

On May 29, 2026, the Office of Management and Budget (OMB) published a proposed rule revising the Uniform Guidance which governs how federal agencies award and administer grants and cooperative agreements to universities, nonprofits, and state, local, and Tribal governments. This paper examines both the immediate implications and long-term unintended consequences of the proposed rule for DOE, which oversees the federal government's largest portfolio of energy research and development (R&D). A summary of proposed revisions affecting DOE appears on pages 14 to 18 of this document.¹

This analysis leverages data from the EFI Foundation's Energy Innovation Project (EIP), which tracks spending, staffing, and awards across DOE's science and energy innovation offices to measure how federal policy translates into impact.²

The paper examines three proposed changes:

- Political appointees must approve every discretionary award covered by the Uniform Guidance before it is finalized.
- Collaborations with foreign adversaries like China are broadly prohibited, even through indirect costs.
- Federal funds can no longer pay for publishing, conferences, or other activities that support the socialization of research, absent an exception granted on a case-by-case basis.

The three proposed changes each alter one part of that system. Political review of individual awards puts partisan criteria ahead of technical merit. Increased restrictions on foreign collaboration sever access to the international partnerships and deployment environments where advanced energy science is progressing most rapidly. Publication and conference cost restrictions limit whether findings circulate at all. The sections that follow examine these effects and quantify them where sufficient data are available.

1. Political Screening of New Awards

Summary

The changes: Currently, career staff and peer reviewers evaluate DOE awards. The new rule adds a mandatory pre-issuance review by a senior political appointee for every discretionary award—and explicitly bars appointees from deferring to expert judgment. The rule also requires appointees evaluate awards against criteria that extend beyond scientific merit.

Scale of the impact:

- DOE issues roughly **1,280 qualifying awards a year** (fiscal years 2017 to 2025 average) (Figure 1).
- Only **81 DOE employees** meet the rule's definition of “senior appointee,” compared to nearly 10,000 career staff who currently manage these processes (Figure 2).
- A thorough review takes about a full workday per award, by staff estimates.
- That equals **about 16 reviews per appointee per year—128 hours, or 7% of a work-year—**on top of existing duties. The burden is unevenly distributed since some offices handle far more volume.

Key issues: Political appointees generally lack the scientific training necessary to evaluate research merit, a function historically performed by career program staff and peer reviewers. Requiring their approval for every discretionary award adds a substantial new administrative burden to DOE, one that the rule neither acknowledges nor accounts for. Early-career researchers and smaller institutions, which are least able to absorb delay or rejection, are most exposed to this added layer of review. The result is a funded portfolio that is narrower and less innovative than the same public investment could otherwise support.

Impacts on the Innovation Process: Politicized screening criteria could dissuade researchers from proposing cutting-edge ideas that run contrary to political orthodoxy. Instead, the criteria could incentivize researchers to frame proposals around whatever the current administration favors, rather than what science or congressional direction calls for. Researchers and institutions will factor political considerations into their decision to apply and the content of their applications. This selection effect compounds at two stages. Researchers with ideas that cut against the administration's perceived priorities will be less likely to apply in the first place, and career staff deciding which proposals to elevate for political review have their own incentive to advance only those likely to survive it. The application pool that reaches a senior appointee will already be narrowed before any political review takes place.

The proposed rule also eliminates current safeguards against the termination of funding awards in ways that would make it easier for political appointees to end active awards. Currently, DOE must inform a recipient of a proposed termination and provide an opportunity to correct deficiencies before proceeding. The proposed rule removes that expectation for discretionary terminations and allows for suspension without prior warning. A researcher with staff hired, equipment purchased, and multiyear work underway could have an award suspended or terminated without an opportunity to address whatever triggered the

action. Taken together, these changes reduce the procedural protections that currently provide for continuity and efficient expenditure of taxpayer funding while performance issues can be adjudicated. The possibility of research projects being terminated mid-stream without sufficient transparency around the basis for termination or an opportunity to respond will create the perception that awards can be ended unpredictably, having a chilling effect on researchers' willingness to seek government funding.

The administrative uncertainty introduced by political pre-issuance review, combined with the reduced procedural protections against mid-award termination, would disproportionately impact researchers at earlier stages of their careers. A more senior researcher may have established funding relationships with industry partners or private foundations and can draw on those sources if federal funding becomes less predictable. Early-career researchers are less likely to have built those networks and therefore rely more heavily on federal awards as a primary, stable funding source. Months of application work, weighed against the possibility that a nonspecialist designee can override a favorable peer review on undefined grounds, changes the calculus for who applies and what they propose. The resulting portfolio of funded work will be narrower than what the same public investment could otherwise support.

Quality of Political Level Reviews: Currently, discretionary federal awards at DOE are evaluated by career program staff and expert peer reviewers. The proposed rules would add a mandatory pre-issuance review by a senior political appointee or their designee before any discretionary award can be solicited or obligated. Senior appointees are directed to exercise independent judgment and are explicitly prohibited from routinely deferring to peer reviewers or career program staff. Senior political appointees having a hand in consequential award decisions is not itself new. The proposed rule changes the scope—requiring individual political review of every discretionary award—and adds a new constraint, barring appointees from taking advantage of the career expertise and peer review judgments that provide the substantive grounding for those decisions.

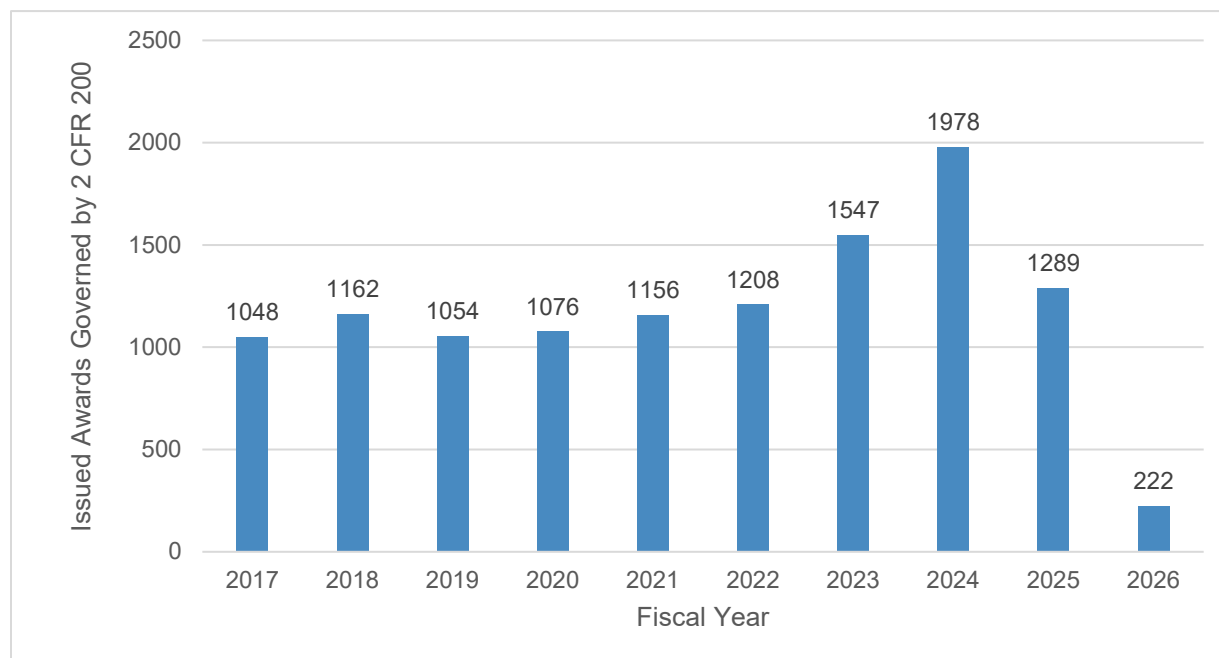
Approval criteria extend beyond scientific merit. Senior appointees must assess alignment with presidential policy priorities, civil rights interpretations, affiliations with entities that "undermine national security," and compliance with "Gold Standard Science," a term the Trump administration has used since a 2025 executive order that describes research practices it would like agencies to prioritize. The benchmarks attached to that term—reproducibility, transparency, falsifiability, unbiased peer review, and absence of conflicts of interest—are standard scientific practices. Evaluating whether a given proposal meets those benchmarks requires domain knowledge that the rule does not require appointees or their designees to have. The rule does not specify what a determination of noncompliance looks like, nor what qualifications a designee must hold. Absent a verifiable standard, a rejection or delay will be difficult to distinguish from a decision to disfavor an applicant based on institutional affiliation, geographic location, or perceived political alignment, whether or not that occurred.

Career staff who manage federal research awards develop scientific and technical expertise over years, if not entire careers. Political appointees rotate in and out on two-to-four-year cycles with no domain expertise requirement. The result is that funding decisions historically grounded in scientific judgment would become subject to required review by officials whose qualifications, continuity, and criteria for approval are left undefined in the proposed rule. Peer review has its own flaws and can inadvertently disadvantage researchers without an established track record. Reforming peer review to address those flaws is a legitimate goal. However, it must be recognized that it remains an effective system for advancing basic research and promoting innovation. Adding partisan political criteria does not improve the peer review system for promoting scientific excellence.

Administrative Cost Burden: The proposed rule does not discuss the administrative burden resulting from this additional layer of review, nor does the Regulatory Impact Analysis provide an estimate of

additional time and workload impacts. According to EIP data compiled by the EFI Foundation, the historical average number of DOE awards that would be subject to the new guidelines is about 1,280 per year. The chart below shows the annual totals over the past decade.

DOE annual awards that would be impacted under the OMB proposal

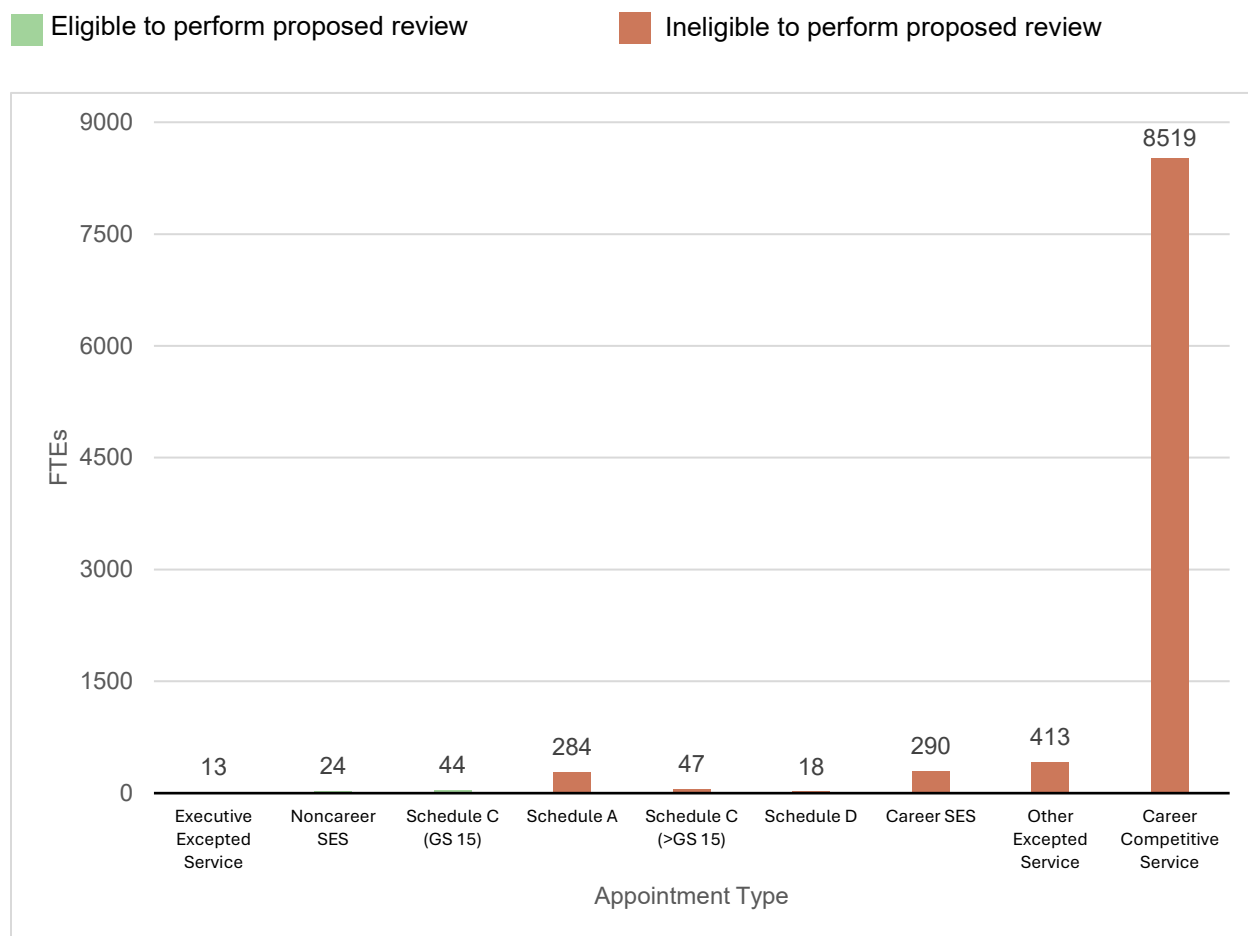


Source: USAspending.gov, downloaded June 2026. Data reflect new grant and cooperative agreement obligations to non-federal entities at DOE by fiscal year. Modifications and continuations are excluded. Fiscal year (FY) 2026 data are partial and reflect obligations recorded through the download date; FY 2026 is excluded from the average.

Note that the annual number of awards increased substantially in fiscal 2023 and 2024 due to disbursement of funding from the Bipartisan Infrastructure Law and the Inflation Reduction Act. For fiscal year (FY) 2026, only 222 awards had been issued through June, which is more than halfway through the fiscal year.

According to EIP data, DOE had a total of 9,652 full-time equivalent federal employees (FTEs) onboard programs as of May 2026, excluding the National Nuclear Security Administration and Federal Energy Regulatory Committee. Only 81 of these employees (0.84%) meet the rule's definition of senior appointee.^{3,4}

Total full-time equivalent employees by appointment type at DOE



Source: U.S. Office of Personnel Management, FedScope Employment Cube, May 2026. Figure excludes the National Nuclear Security Administration and Federal Energy Regulatory Commission. SES means Senior Executive Service.

EFI Foundation consulted with experienced DOE grant reviewers who estimated that a thorough review following the scope of the proposed new guidance could easily require up to a full workday per proposed award. If DOE maintains the historical annual average of awards, implementation of the new political review process could add at least 10,240 hours of review time, imposing a significant burden on political appointees and delaying the issuance of new funding awards.

For example, distributing 1,280 reviews across 81 people means each appointee would be responsible for roughly 16 reviews per year. In practice, appointees overseeing high-volume program offices would face a considerably larger share. At the average rate, each appointee would spend 128 hours per year on pre-issuance reviews, taking up 7% of standard working time, on top of existing responsibilities.

The rule specifies no maximum review period, introducing an additional step without a defined timeline in an already monthslong award process. Further, such a time burden is not easily accommodated within the demanding schedules of senior appointees and is likely to result in lengthy processing backlogs.

2. Prohibitions on Collaboration Costs with Covered Foreign Entities

Summary

The changes: Existing export controls and DOE security rules already restrict collaboration with countries considered foreign adversaries, such as China, Russia, Iran, and North Korea. The proposed rule expands these restrictions by prohibiting the use of federal funds, including indirect and overhead costs, for any collaboration with a “covered foreign entity.”

Scale of the Impact:

- Eight of the top 10 DOE-funded universities (by cumulative obligations since FY 2017) have active disclosed contracts with covered foreign entities.
- Those eight institutions hold 123 such contracts combined.
- U.S.-China co-authorship produced over 20,000 DOE-funded joint publications between 2017 and 2025 (Figure 3).

Key issues: China is a leading source of innovation in numerous energy technologies, and restricting collaboration limits U.S. access to Chinese research, deployment data, and technical advances in these areas. Legitimate national security risks associated with international collaboration exist and warrant management, but an outright prohibition is a disproportionate response to those risks. Existing frameworks, such as the U.S.-China Clean Energy Research Center, demonstrate that structured, safeguarded collaboration can protect national security interests while preserving the benefits of joint research. The proposed rule forecloses that option for federally supported work without offering a comparable alternative.

Existing laws and regulations have established a strong base for restricting international research project engagements using federal funds on national security grounds. Export controls, sanctions regimes, and DOE's research security framework already impose restrictions on collaboration with entities in countries considered foreign adversaries, including China, Russia, Iran, and North Korea. For example, DOE Order 142.3B requires all foreign nationals to receive the department's approval before accessing DOE sites, information, or technologies, with enhanced vetting by its Office of Intelligence and Counterintelligence required to access restricted technologies identified on the department's Science and Technology Risk Matrix.⁵ Under current rules, recipients may collaborate with foreign institutions only if they comply with those existing requirements.

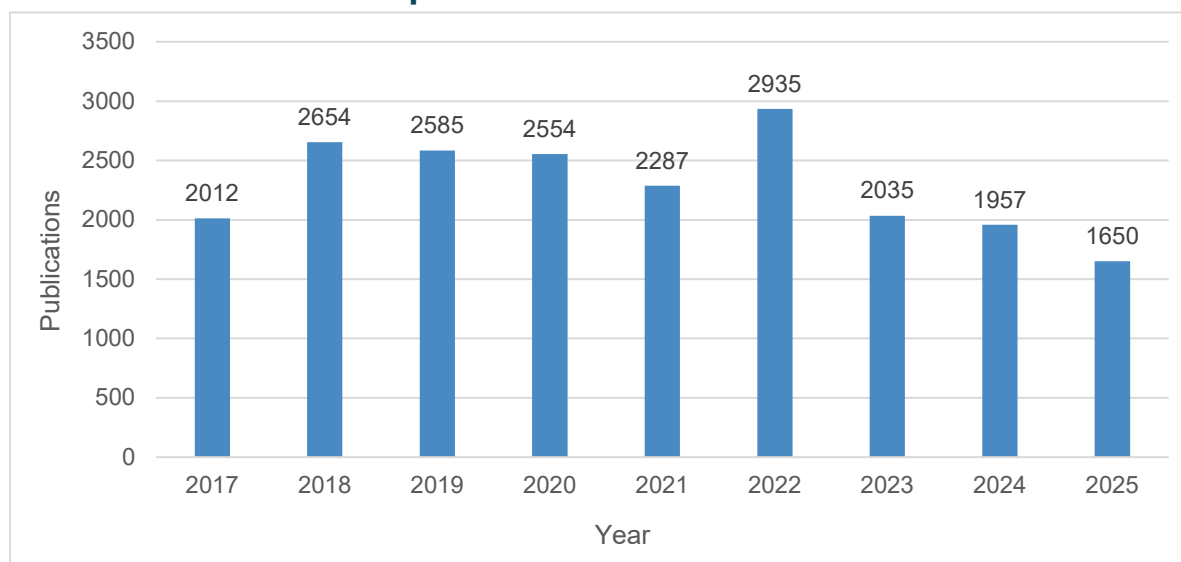
The proposed rule would establish strict prohibitions on recipients and subrecipients from using federal funds for any collaboration with covered foreign countries or covered foreign entities, defined as entities owned or controlled by those countries, on federal agency watch lists, or affiliated with their military, intelligence, or security services. These restrictions apply only to use of federal funds. Recipients and subrecipients remain free to pursue international collaboration using private, foreign or philanthropic funding, which this rule does not reach. This is not to say that the government has not complicated private, foreign, or philanthropic support for research projects and/or researchers through other means, but this analysis focuses entirely on federal rules applied to federal funding.

That prohibition applies not only to the direct costs of foreign research collaborations, but also indirect costs that might otherwise be allocable across a broad research project portfolio that includes such collaborations. Indirect costs represent an institution's aggregate operating costs, such as running laboratories, maintaining research infrastructure, and employing administrative staff, allocated across the full portfolio of sponsored research using rates negotiated with the federal government. Because indirect costs are calculated as a share of total institutional activity rather than tied to individual projects, a university with a DOE award and a separately funded Chinese institutional partnership may have overhead allocable to shared infrastructure associated with that partnership. Under the proposed rule, the allocation would implicate the DOE award even where no federal dollars flow to China and no research connection exists between the two programs.

Impacts on Innovation: International research collaboration, with its facilitated access to the knowledge, data, and expertise nurtured by research investment of other countries, consistently produces higher-impact science than domestically contained research, as measured by citation rates. Restricting it would cut U.S. researchers off from cutting-edge science being done elsewhere. According to the National Science Foundation's Science and Engineering Indicators, China is the single largest co-authorship partner for the United States across all fields of science and engineering, and U.S.-China co-authored papers account for the largest bilateral co-authorship volume of any country pair globally.⁶ Within DOE's funded research portfolio specifically, Elsevier's Scopus abstract and citation database shows that U.S. and Chinese institutional co-authors produced more than 20,000 publications between 2017 and 2025. The proposed rule would not prohibit this collaboration in every case. Whether a given co-authored publication violates the foreign collaboration prohibition depends on the specific funding flows, cost allocation practices, and institutional relationships involved. However, the compliance uncertainty the rule introduces is, by itself, likely to reduce collaboration.

Compliance risk around foreign relationships can depress research activity without a formal prohibition in place. A peer-reviewed study published in the Proceedings of the National Academy of Sciences found that U.S. researchers with prior Chinese institutional collaborations saw measurable declines in publication productivity and citation impact relative to peers without such ties, even absent any finding of wrongdoing.⁷ The study examined the federal government's China Initiative—a context that differs from a regulatory compliance framework—but the underlying dynamic is directly relevant. Legal uncertainty sufficient to trigger institutional risk review is likely to produce a similar withdrawal across a significant share of that work.

DOE-funded research publications with U.S. and Chinese authors



Source: Elsevier Scopus abstract and citation database, queried June 2026.

The U.S.-China Clean Energy Research Center (CERC) illustrates what structured bilateral engagement with defined safeguards can produce. Established in 2009 and operating through 2020 under a government-backed Technology Management Plan, CERC allocated intellectual property (IP) rights between countries, protected preexisting intellectual property under the laws of both, and provided each country a guaranteed right to exploit jointly developed innovations in the other's market.⁸ Three specific outcomes show what the proposed rule would put at legal risk.

Researchers at Lawrence Livermore National Laboratory worked with Huaneng Power International to develop a consensus cost model for carbon capture retrofits at U.S. coal plants, using operating data from Huaneng's Shidongkou facility that no domestic program could replicate. This work fell under CERC's Advanced Coal Technology Consortium, for which West Virginia University served as U.S. consortium lead. Under the proposed rule, a university holding the prime DOE award for that broader consortium would need to determine whether its indirect cost recovery is exposed across the entire award, not simply the discrete Huaneng collaboration, because the prohibition extends to indirect costs allocable to any portfolio that includes a covered foreign collaboration.

A battery safety and vehicle powertrain consortium involving Ford, Toyota, Denso, and Eaton included Chinese counterparts at Tsinghua and Shanghai Jiao Tong Universities. The University of Michigan and Ohio State University, as the prime recipients of the DOE award supporting that work, would need to assess whether that collaboration creates indirect cost exposure on their own DOE awards, with no defined criteria to guide that determination and no safe harbor available should that determination later be found incorrect.

Finally, joint U.S. and Chinese university and National Laboratory researchers gathered and analyzed performance data from Chinese demonstration buildings in China funded through industry cost-share from both countries. Whether that analytical activity constitutes collaboration with the Chinese institutional partners who operate the buildings is a question the rule provides no basis to answer.

All three cases required the kind of institutional relationship with Chinese partners that the proposed rule would make legally uncertain for any university or nonprofit holding a federal award. None required abandoning IP protection or national security discipline.

OMB's proposed exception mechanism, a case-by-case senior appointee determination with no defined timeline, criteria, or operational structure, does not distinguish a low-risk collaboration from a high-risk one. Any qualifying relationship, without regard to what it entails, is sufficient to raise a *prima facie* compliance question for the award. This structure does not replicate what a purpose-built risk management framework accomplished across a multiyear, multi-institutional program such as CERC.

Institutions facing that uncertainty, with no safe harbor and no defined compliance standard, are likely to withdraw from collaborations the rule leaves formally unresolved. Field-specific risk standards, clear safe harbors for good-faith compliance, and graduated frameworks that distinguish honest disclosure errors from deliberate misconduct would better serve both the security and research-productivity goals the rule seeks to advance.

Compliance Burden for Research Institutions: The application of the new funding prohibition to indirect as well as direct costs associated with foreign collaboration poses a significant new compliance burden on research institutions. It could lead to the cancellation of existing research collaborations, even when they otherwise meet national security safeguards.

To assess how many major DOE research institutions face this exposure, the EFI Foundation cross-referenced DOE award obligations data from USAspending.gov with Section 117 foreign gift and contract disclosures filed with the Department of Education. Section 117 of the Higher Education Act requires universities to disclose contracts and gifts from foreign sources above \$250,000 annually. Eight of the 10 universities receiving the most DOE funding since FY 2017, measured by obligations, have active Section 117-disclosed contracts with covered foreign entities.^{9,10} Together, the eight institutions hold 123 such contracts: 121 with Chinese entities and two with Russian entities. Under the proposed rule, the overhead structures of every DOE award at those institutions would carry potential compliance exposure.

Institutions facing such exposure would have two practical options. The first is to end all collaborations with covered foreign entities, forgoing the benefits of those partnerships. The second is to establish two distinct cost accounting systems—one with an overhead pool that includes costs attributable to foreign entity collaborations and one without—so that federal awards draw only from the “clean pool.” That structural separation would be administratively complex to design and implement. It would require renegotiating indirect cost rates with the federal government, restructuring financial systems, and maintaining parallel accounting processes on an ongoing basis. During the transition, an institution unable to immediately separate the two cost pools may need to pause federally funded research, suspend foreign collaborations, or both, until the parallel accounting system is in place and the two funding streams can be reliably kept apart. Either path forecloses time-sensitive scientific work. Research programs interrupted mid-project lose momentum that cannot be easily recovered when conditions change. Further, international scientific relationships, once severed, are difficult to rebuild.

Determining whether that exposure exists in any given case requires legal review and cost accounting analysis that no institution currently performs as part of its standard grants management process. Noncompliance with award terms can result in disallowed costs, award termination, withholding of future awards, and initiation of suspension or debarment proceedings—consequences that extend well beyond the individual award. The rule provides no guidance on how institutions should conduct the compliance determination, no safe harbor for good-faith efforts, and no standard for what an adequate showing looks like. The exception mechanism, which would be a case-by-case agency determination that an activity poses no national security risk, generates its own administrative and hierarchical approval burdens, with concomitant timeline uncertainties for every affected award.

3. Restrictions on Allowable Costs for Dissemination of Research Results

Summary

The changes: Federal grant funds would no longer cover publication fees (article processing charges, page charges, and submission fees), conference costs (registration, travel, and lodging), or professional society dues, the primary channels through which research findings are peer-reviewed, scrutinized, and applied. A narrow exception exists, but only through case-by-case agency review.

Scale of the impact:

- DOE PAGES records an average of 20,868 DOE-funded publications per year.
- Reviewing publication cost exceptions alone would cost DOE roughly \$7.6 million annually in staff time. Publication charges are one of several cost categories requiring individual review.
- If DOE consistently denies exception requests, an estimated \$209 million a year in publication costs would shift to research institutions—an expense not currently budgeted for.

Key issues: Federal research investment generates no return until its results are disseminated, since publication and peer review are the mechanisms by which findings are verified and built upon. DOE already requires that DOE-funded research be published; this rule removes the funding to meet that requirement without removing the requirement itself. Institutions facing that unfunded cost are likely to publish less thorough work, diminishing the value of the research the government paid to produce. This outcome directly undermines the administration's own Gold Standard Science initiative, which depends on wide dissemination of findings to ensure transparency and independent verification.

Federally funded energy research has led to a broad range of benefits, from enhanced understanding of energy materials and processes to the development of new technologies for the production, processing, and efficient use of all forms of energy. Realizing these benefits depends upon broad dissemination of research results through peer review and publication of findings; presentations to large convenings of science, energy and business professionals; and application into follow-on research, development, demonstration, and commercialization activities. The proposed rule would disallow awardees from using their federal grant dollars for these activities, with a narrow exception requiring case-by-case agency review. The restrictions on funding for research dissemination may be counterproductive to advancing the Trump administration's proposed Gold Standard Science, which requires peer review, reproducibility, and transparency, outcomes that depend on the wide dissemination of research findings.

The proposed rule would place restrictions on allowable costs include article processing charges, page charges, and submission fees for publications; registration, travel, and lodging for conference attendance; and dues to the professional societies that administer peer review, set field standards, and organize expert convenings.

Impact on Research Efficacy: The purpose of research is to produce knowledge, and that knowledge has limited value if it does not reach the broader scientific community and the public. Publication in peer-

reviewed journals is the primary mechanism by which research findings enter the scientific record. There, they can be scrutinized, replicated, challenged, and built upon by other researchers. Conferences serve a related but distinct function: they are where findings are presented before they are fully settled, methodologies are questioned, collaborations form, and results reach the practitioners and policymakers who apply them. Restricting access to these dissemination channels does not only affect the visibility of individual findings. It slows the process by which science self-corrects and compounds.

Restricting funding for publication also carries consequences for the researchers who produce the work. Peer-reviewed publication functions as the primary currency of academic career advancement, particularly for tenure and promotion decisions. If institutions cannot rely on federal grants to cover publication costs, researchers face new personal or institutional costs at the career stage when a strong publication record matters most. Over time, this creates a disincentive to pursue federally funded research as a career path, narrowing the pool of talent available to the research enterprise the federal government depends on.

The proposed changes create tension with existing federal policy, creating an unfunded mandate. DOE's Public Access Plan requires that peer-reviewed publications resulting from department-funded research be made publicly accessible.¹¹ If publication costs are unallowable under federal awards, DOE awardees face a federal mandate to publish open-access papers with no federal support for the associated costs. That conflict cannot be resolved at the institution level.

Conference restrictions carry their own practical complications. Researchers present at conferences because that is where findings get scrutinized, collaborations form, and results reach the practitioners who apply them. Conferences are also where research is amplified, generating citations, media coverage, and policy attention. Requiring prior agency approval for conference attendance, with explicit inclusion in award terms and conditions, makes participation harder to plan, slower to authorize, and subject to approval timelines that bear no relationship to the registration and travel deadlines conferences impose.

Shifting Cost Burden: Publication costs are currently built into DOE awards. DOE-funded research projects are required to publish their findings, and grantees budget for associated costs, including layout, copyediting, and image rights, as part of the original grant. Once published, the work is indexed in DOE PAGES, the department's repository of DOE-funded research publications, which keeps the results publicly accessible.

Under the proposed rule, these costs would become unallowable by default. The EFI Foundation, which regularly publishes research findings, estimates that producing a standard 50-page report costs approximately \$10,000 for layout, copyediting, and image rights. Absent an individual exception, this cost would shift from the grant to the research organization for each publication. Applied across DOE PAGES' average of 20,868 DOE-funded publications per year, the potential shift totals approximately \$209 million per year.

The new cost burden creates an incentive to reduce publication quality. An unfunded mandate pushes research organizations toward shorter reports that omit supporting detail, data, or context. Shorter reports reach a narrower audience and carry less scientific value. This pressure may also push researchers toward lower-cost, lower-visibility journals with less rigorous review, or toward informal channels like blog posts that bypass peer review altogether. Peer review is an imperfect process, but it remains the primary mechanism by which scientific findings are checked before they enter the record. Research shows that peer-reviewed publications have measurably higher quality of reporting than non-peer-reviewed alternatives.¹² Work that bypasses that process loses the scrutiny that makes findings reliable enough for others to build on.

Given the publication mandate, nearly all grantees would seek an exception rather than absorb the cost or forgo publication. Each request requires DOE's pre-approval. Grantees would need to submit a publication cost budget justifying the total expense and each line item within it. DOE grants management staff would need an estimated four hours to review each request. At a fully loaded hourly cost of \$91.57, this review burden totals approximately \$7.6 million annually across 20,868 publications. That figure excludes the staff time grantee institutions would spend preparing the requests.

Publication costs are only one of many currently allowable expenses that would become unallowable by default under the proposed rule. Conference registration, travel and lodging, and other categories of research dissemination costs would face the same case-by-case review requirement. The cumulative administrative and cost-shifting burden across all affected categories would substantially exceed the estimates for publication costs alone. Of the cost categories addressed in this section, membership dues present a distinct case. Dues are generally a broad institutional operating expense or privately borne rather than a cost directly tied to the performance of a specific award, and federal grants have not historically been the primary means of supporting them. For these reasons, treating membership dues as unallowable may be a reasonable position, depending on how exceptions are worded and expressed at the time of research awards.

Taken together, these restrictions reduce the visibility of federally funded research without a demonstrated mechanism for improving its quality. The public investment in producing the science remains, but the capacity to disseminate it diminishes.

What Comes Next

The public comment period closes July 13, 2026. More than 300 research organizations have requested an extension of the comment period, arguing the rule's breadth warrants more time than the standard 45-day window.

Under the Administrative Procedure Act, OMB must review and substantively respond to all significant public comments before issuing a final rule, a process that typically takes months. The administration has targeted an October 1, 2026 effective date to coincide with the start of the federal fiscal year. That timeline would be aggressive given the volume of comments already submitted; legal challenges are widely anticipated if the rule is finalized in its current form.

Universities, National Laboratories, nonprofits, and other organizations that receive or anticipate applying for DOE financial assistance have a direct stake in how these provisions are designed. OMB has acknowledged that its regulatory impact analysis is incomplete and is soliciting public comment to fill the analytical gaps. The record developed during the comment period will shape the final rule. The EFI Foundation will continue to monitor this rulemaking and its implications for DOE's research enterprise as part of a continuing interest in how the innovation process is managed and implemented.

Summary of Select Proposal Provisions

Provision	Current DOE Practice	Proposed Change
Pre-issuance review of awards (§ 200.205)	DOE policy requires that all discretionary financial assistance be awarded through a merit-based selection process. Merit-based review means a thorough, consistent, and objective examination of applications by persons independent of those submitting them and knowledgeable in the field of endeavor. A selection official, a senior career staff member, reviews merit review summary statements, applies program policy factors, and prepares a narrative selection statement. Peer review recommendations inform but do not bind the selection official's decision.	Adds a mandatory pre-issuance review by a senior political appointee or their designee before any discretionary award can be obligated. Reviewers must exercise independent judgment and are explicitly prohibited from routinely deferring to peer reviewers or career program staff. Approval criteria include whether the award advances the president's policy priorities, whether the applicant complies with the administration's civil rights interpretations, whether the applicant has affiliations with organizations that "violate federal law or undermine national security," and whether the research meets Gold Standard Science benchmarks as defined in a May 2025 executive order.
Applicant risk review (§ 200.206)	DOE conducts applicant risk assessments covering financial management systems and standards, history of performance on prior federal awards, audit reports and findings, and the applicant's ability to effectively implement statutory and regulatory requirements. Institutional affiliations are not a listed risk factor.	Adds consideration of applicants' memberships and affiliations with organizations that "violate federal law, undermine public safety or national security, or advocate for the overthrow of the United States government." Also adds compliance with Section 117 foreign gift and contract disclosure requirements and history of "questionable practices" as factors DOE may weigh when evaluating applicant risk.

Fixed amount awards (§ 200.201(b))	DOE may issue fixed amount awards based on achievement of predefined milestones or unit prices. Fixed amount awards require no financial reporting and no tracking of actual costs. Payments are tied to meeting specific award requirements. DOE uses fixed amount awards where accountability can be based on results that can be clearly communicated and demonstrated, and where no cost share is required.	Prohibits fixed amount awards unless expressly authorized by statute. All awards must include financial reporting requirements and recipients must return unspent funds.
Foreign entity collaboration (§ 200.220)	DOE has no departmentwide regulatory prohibition on using federal funds for collaboration with foreign entities beyond existing export control, sanctions, and security requirements. International collaborations are addressed on a program-by-program basis through Notice of Funding Opportunity (NOFO) eligibility criteria and award terms.	Prohibits recipients and subrecipients from using federal funds, including indirect costs allocable to such collaborations, for any bilateral or multilateral collaboration with covered foreign countries (China, Russia, Iran, North Korea) or affiliated entities. Exceptions require a case-by-case determination by the agency head or designee that the activity poses no national security risk and is in the national interest.
Termination and suspension authority (§ 200.340)	DOE may terminate awards for noncompliance with award terms, by mutual agreement, by the recipient upon written notification, or pursuant to the terms and conditions of the award including when an award no longer effectuates program goals or agency priorities. Before terminating, DOE must normally inform the recipient of the proposed action and provide an opportunity to correct deficiencies. DOE must provide written notice at least 10 calendar days before the effective date of a termination or suspension. Suspension periods may not exceed 90 days unless DOE and the recipient agree otherwise. Terminations for noncompliance are reported in SAM.gov and remain visible to other federal agencies for five years.	Restructures and clarifies termination grounds into distinct categories. Adds explicit authority to suspend awards temporarily. Discretionary terminations do not trigger administrative hearing rights and are not reported in SAM.gov. Only terminations for noncompliance require SAM.gov reporting. Written notice is still required for all terminations but the proposed rule removes the expectation that DOE will normally give recipients an opportunity to correct deficiencies before a discretionary termination proceeds.

Publication costs (§ 200.461)	Publication costs, including article processing charges, page charges, and open-access fees for peer-reviewed publications are allowable when reasonable and allocable to the DOE award. DOE's Public Access Plan separately requires that peer-reviewed publications resulting from DOE-funded research be made publicly accessible.	Makes publication costs unallowable except where required by statute or approved by the agency in advance on a case-by-case basis. A general requirement to make results publicly available does not constitute authorization for publication costs.
Conference costs (§ 200.432)	Conference costs, including registration, travel, and lodging for researchers presenting or attending in furtherance of award objectives, are allowable when reasonable and allocable to the DOE award.	Conference costs are allowable only if participation is expressly approved by DOE and written into the terms and conditions of the award before the conference takes place.
Membership costs (§ 200.454)	Membership costs in professional, civic, business, and technical organizations are allowable with prior written DOE approval if necessary to fulfill award requirements. Subscriptions to professional and academic periodicals are unallowable. Memberships in country clubs, social organizations, and organizations whose primary purpose is lobbying are unallowable.	Narrows allowable membership costs to those strictly necessary to fulfill award requirements, with prior written DOE approval required. All other membership costs are unallowable. The practical effect is a tighter necessity standard applied to an already approval-dependent cost category.
Advertising and public relations (§ 200.421)	Advertising and public relations costs are allowable in limited circumstances, including program outreach activities necessary to meet award requirements, procurement of goods and services for award performance, and disposal of scrap or surplus materials.	Made unallowable in all circumstances except those required by statute, or advertising solely for procurement of goods and services, disposal of scrap materials, or program outreach expressly necessary to meet award requirements. All public relations costs are unallowable unless required by statute.

R&D award eligibility and domestic-first framework (§ 200.202(e))	DOE awards grants and cooperative agreements to universities, National Laboratories, nonprofits, for-profit companies, and foreign entities, subject to eligibility criteria specified in each NOFO and applicable statute. No department-wide regulatory restriction limits foreign entities from serving as prime recipients of R&D awards.	Limits R&D awards to entities organized under U.S., state, or Tribal law. Foreign entities may not receive R&D awards as prime recipients unless expressly authorized by statute or a senior appointee determines a compelling interest exists. Foreign entities may still participate as subrecipients or contractors under a U.S. prime recipient. Agencies must apply a domestic-first framework when designing programs and evaluating applications, under which international elements are permitted only if the agency determines they are justified, consistent with program objectives, and in the national interest.
Applicant eligibility review based on affiliations (§ 200.206)	DOE's applicant risk review covers financial management systems, management standards, history of performance on prior federal awards, audit reports and findings, and ability to implement statutory and regulatory requirements. Institutional affiliations with foreign entities or other organizations are not a listed risk factor in DOE's current assessment framework.	Adds consideration of applicants' memberships and affiliations with organizations that "violate federal law, undermine public safety or national security, or advocate for the overthrow of the United States government," compliance with Section 117 foreign gift and contract disclosure requirements, and history of "questionable practices" as factors DOE may weigh when evaluating applicant risk. This is a risk factor, not a hard eligibility bar; institutions are not automatically ineligible, but these considerations may weigh against an application.

Payment justification requirements (§ 200.305)	For universities, nonprofits, and hospitals, DOE's preferred payment method is advance payment via the U.S. Treasury's Automated Standard Application for Payment (ASAP) system. Recipients draw funds through ASAP without providing a written justification describing the purpose of each payment request. Cost reimbursement is the preferred method for for-profit organizations, with payment required within 30 calendar days of a valid request. Neither method currently requires recipients to describe the award activities that a payment request supports.	Requires recipients and subrecipients other than states to include a brief written justification with every payment request—whether advance or reimbursement—describing the award activities that the payment supports. DOE would be required to review these justifications before releasing funds and to check Treasury's Do Not Pay system prior to disbursement. Implementation is contingent on the availability of information systems with this capability.
---	--	---

Methodology Notes

Senior Appointee Capacity Analysis

Data on DOE staffing by appointment type come from the U.S. Office of Personnel Management (OPM) FedScope Employment Cube, accessed May 2026. Executive Order 14332, which the proposed rule codifies, defines senior appointee as an individual appointed by the president, a noncareer member of the Senior Executive Service (SES), or an employee in a senior level, scientific and professional, or Grade 15 position in Schedule C of the excepted service. Three OPM appointment categories meet that definition at DOE: executive excepted service (presidential appointees), noncareer SES, and Schedule C employees at GS-15. This analysis excludes the Federal Energy Regulatory Commission, which does not typically make awards.

Award volume data come from USAspending.gov, accessed June 2026, and reflect new grant and cooperative agreement obligations at DOE by fiscal year. Modifications and continuations are excluded. FY 2026 data are partial and excluded from the average. The FY 2017 to 2025 average is 1,280 awards annually. Awards are categorized as subject to the proposed rule's pre-issuance review requirement based on instrument type and awardee type, consistent with the rule's applicability to discretionary financial assistance to nonfederal entities.

The per-appointee review burden is derived by distributing 1,280 annual awards across 81 qualifying staff, yielding approximately 16 reviews per appointee per year under an assumption of even distribution. The time-per-review estimate of eight hours reflects assessments by persons with direct experience reviewing grants at DOE. Applying that range to 16 reviews per appointee produces an annual time commitment of 128 hours, or 7% of standard working hours (calculated as 1,888 hours: 260 scheduled days minus 11 federal holidays and 13 days of statutory minimum leave, multiplied by 8 hours).

Foreign Collaboration Exposure Analysis

DOE award obligations data come from USAspending.gov for FY 2017 through FY2025. Foreign gift and contract disclosure data come from Section 117 of the Higher Education Act, which requires universities receiving federal financial assistance to disclose contracts and gifts from foreign sources above \$250,000 annually. The EFI Foundation used the most recent reporting period available from the U.S. Department of Education as of June 2026.

Active contracts are defined as those with a disclosed end date of January 1, 2026 or later, or with no end date reported. Contracts with no reported end date are included on the basis that no termination was disclosed. The EFI Foundation cross-referenced DOE obligations data with Section 117 disclosures for the 10 universities receiving the most DOE funding since FY2017, measured by total obligations.

Publication co-authorship data come from the Elsevier Scopus abstract and citation database, queried June 2026. The query identified peer-reviewed publications acknowledging DOE funding with at least one author affiliated with a U.S. institution and at least one affiliated with a Chinese institution for calendar years 2017 through 2025.

Administrative Cost Estimate for Publication Restrictions

The fully loaded hourly rate for DOE grants management staff is derived from OPM workforce data. DOE employs 375 grants management staff with a mean annual salary of \$119,228. Applying OPM's standard 1.45 total compensation multiplier and dividing by 1,888 annual working hours (260 scheduled days, minus 11 federal holidays and 13 days of statutory minimum leave, multiplied by 8 hours) yields a fully loaded hourly rate of \$91.57.

Publication volume is based on DOE PAGES annual publication counts averaged over 2015 to 2025, yielding 20,868 publications per year.

The per-publication cost estimate of \$10,000 is drawn from EFI Foundation's experience producing its own research reports. EFI Foundation, which regularly publishes research findings, estimates that layout, copyediting, and image rights for a standard 50-page report cost approximately \$10,000. Applying this figure across DOE PAGES' average annual publication volume yields a potential cost shift of $\$10,000 \times 20,868 = \$208,680,000$, rounded to \$209 million annually, representing the maximum exposure to research institutions if publication costs are disallowed absent an approved exception.

The administrative burden estimate assumes DOE grants management staff require four hours to review each publication cost exception request, reflecting the added work of evaluating a submitted budget and line-item justification rather than a routine expenditure. At \$91.57 per hour, the annual burden is $\$91.57 \times 4 \times 20,868 = \$7,643,531$, rounded to \$7.6 million. This figure captures federal agency-side burden only. Recipient institutions would incur additional staff time preparing exception requests, which is not quantified here.

References

- ¹ Office of Management and Budget, "Regulation for Federal Financial Assistance," *Federal Register* 91 (May 29, 2026), Docket No. OMB-2026-0034, <https://www.federalregister.gov/documents/2026/05/29/2026-10817/regulation-for-federal-financial-assistance>.
- ² EFI Foundation, "Energy Innovation Project," accessed July 2026, <https://efifoundation.org/energy-innovation-project/>.
- ³ U.S. Office of Personnel Management, "FedScope Employment Cube," FedScope, accessed April 2026, <https://www.fedscope.opm.gov>.
- ⁴ USASpending.gov, "Federal Spending Data," USASpending.gov, accessed June 2026, <https://www.usaspending.gov>.
- ⁵ U.S. Department of Energy, *Unclassified Foreign National Access Program*, DOE Order 142.3B, Chg 1 (LtdChg), March 2, 2022, <https://www.directives.doe.gov/directives-documents/100-series/0142.3-BOrder-b-chg1-ltdchg>.
- ⁶ National Science Board, "International Collaboration," *Science and Engineering Indicators 2020*, NSB-2020-6, National Science Foundation, 2019, <https://nces.nsf.gov/pubs/nsb20206/international-collaboration>.
- ⁷ Ruixue Jia et al., "The Impact of US–China Tensions on US Science: Evidence from the NIH Investigations," *Proceedings of the National Academy of Sciences* 121, no. 19 (May 7, 2024): e2301436121, <https://doi.org/10.1073/pnas.2301436121>.
- ⁸ U.S. Department of Energy, *CERC Annual Report 2013–2014*, November 2014.
- ⁹ USASpending.gov, "Federal Spending Data," USASpending.gov, accessed June 2026, <https://www.usaspending.gov>.
- ¹⁰ U.S. Department of Education, "Section 117 Foreign Gift and Contract Disclosures," Federal Student Aid, accessed June 2026, <https://studentaid.gov/data-center/school/foreign-gifts>.
- ¹¹ U.S. Department of Energy, *DOE Public Access Plan*, June 2023, <https://www.energy.gov/doe-public-access-plan>.
- ¹² Carneiro, C.F.D., et al., "Comparing quality of reporting between preprints and peer-reviewed articles in the biomedical literature," *Research Integrity and Peer Review* 5, no. 16 (2020), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7706207/>.