



## Action Report #6

# Understanding the Law and Policies for Grant Terminations for the National Science Foundation

March 25, 2025

This informational guide is primarily intended for National Science Foundation (NSF)–funded principal investigators if NSF requests a change in your work. The level of detail assumes the reader has basic familiarity with the NSF’s [two main review criteria](#) (intellectual merit and broader impacts), in addition to the NSF’s Proposal & Award Policies & Procedures Guide ([PAPPG](#)). However, this guide may also be relevant to research administrators, legal experts, or awards from other funding agencies such as the National Institutes of Health (NIH), given that the Code of Federal Regulations (CFR) applies to all agencies, not just the NSF.

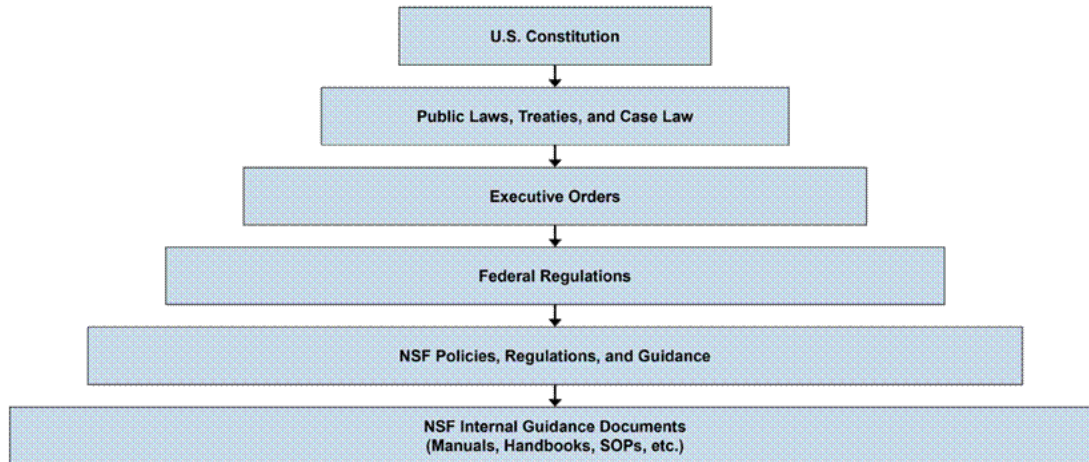
This guide is for informational purposes only and does not constitute legal advice. Please also consult the links contained within this document for the official statutes, regulations, procedures, or any other such guidance. Other experts may interpret the official guidance in ways that may differ from this informational document.

## Understanding the Policies that Generally Govern NSF Awards

US federal law and policies typically follow a hierarchy of authorities. Federal courts are the ultimate arbiter of which authorities govern in a particular case. The figure below shows how the NSF interprets the general hierarchy of authorities for its awards:



**Figure 1.3-1**  
*General Hierarchy of Authorities*



This figure comes from the NSF’s [2025 Research Infrastructure Guide](#)<sup>1</sup>. This guide also notes that “in the event of a conflict between policies issued at a lower tier versus policies issued at a higher tier, the higher tier policy will take precedence.” Hence, if a public law and an executive order (EO) conflict, NSF guidance states that the public law will take precedence. This table provides links to examples at each policy tier:

| Tier # | Example Laws and Policies                                                                                                                                            |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | <a href="#">US Constitution</a> , such as Article I, which notes that “No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law.” |

<sup>1</sup> This NSF guide focuses on awards for major facilities and mid-scale research infrastructure, but the subsection with this figure describes NSF’s general hierarchy of authorities in a general way. Presently, this document version is open for public comment before the official guide is released later in 2025.

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|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | <p><a href="#">2022 CHIPS and Science Act</a>, such as Title III, Subtitle C, which includes several specific laws for the NSF regarding broadening participation in STEM.</p> <p><a href="#">2010 America COMPETES Reauthorization Act</a>, such as Section 526, which mandates that the NSF must evaluate proposals per the broader impacts criterion.</p> <p><a href="#">Administrative Procedure Act</a>, such as Section 4, which requires federal agencies to undertake notice-and-comment rulemaking.</p> |
| 3 | <p><a href="#">EO 14151</a>: Ending Radical and Wasteful Government DEI Programs and Preferencing (January 20, 2025).</p> <p><a href="#">EO 14168</a>: Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government (January 20, 2025).</p> <p><a href="#">EO 14173</a>: Ending Illegal Discrimination and Restoring Merit-Based Opportunity (January 21, 2025).</p>                                                                                                  |
| 4 | <p><a href="#">Code of Federal Regulations (CFR)</a>, such as <a href="#">Title 2, Part 200</a> (often called “OMB Uniform Guidance”), which governs most federal grantmaking across agencies.</p>                                                                                                                                                                                                                                                                                                               |
| 5 | <p><a href="#">Proposal &amp; Award Policies &amp; Procedures Guide (PAPPG)</a>, such as Chapter XII, which details policies and procedures for NSF award administration disputes.</p>                                                                                                                                                                                                                                                                                                                           |

## How do EOs influence lower-tier regulations and policies?

Federal laws (tier 2) also constrain the procedures for how EOs (tier 3) can influence lower-tier regulations and policies (tier 4 or 5). For instance, agencies such as the NSF must typically follow notice-and-comment rulemaking when changing agency rules. Per the [Administrative Procedure Act](#), agencies must typically provide public notice at least thirty days before a new agency rule would take effect (provide notice), while also



allowing the public to comment on a proposed rule before finalizing it (provide opportunity for comment).

Even when responding to an EO, agencies must still typically follow this notice-and-comment rulemaking, as the Congressional Research Service explained in [Legal Sidebar 10172](#). Hence, an agency could potentially violate the law if it immediately changed agency rules without thirty-day prior notice (see the Administrative Procedure Act for definitions, applicable conditions, and other requirements).

## **Understanding Policies and Procedures for NSF-Initiated Changes in Work**

### **What should I do if the NSF revises, suspends, or terminates my award?**

Most importantly, you should immediately consult with the sponsored research office at your institution if the NSF decides to revise, suspend, or terminate your award. Your initial response to the NSF may constrain the options later available to you. Your sponsored research office can help you understand those options first before responding to the NSF.

### **Can the NSF suspend or terminate my award without prior notice?**

Normally, the NSF will suspend or terminate an award only after informing the recipient of any deficiency and giving the recipient an opportunity to correct it (see [PAPPG Chapter XII.A.2](#)).

More generally, cross-agency regulations in [2 CFR 200.339](#) note that agencies such as the NSF can first implement “[specific conditions](#)” to address noncompliance with federal statutes, regulations, or award terms and conditions. Per this regulation, an agency can suspend or terminate an award if the agency determines that “noncompliance cannot be remedied by imposing specific conditions.”

### **What “specific conditions” can NSF impose on my award?**

Regulations in [2 CFR 200.208](#) define the term “specific conditions.” Specific conditions can include, among others, requiring payments as reimbursements rather than advance



payments, requiring additional or more detailed financial reports, or requiring additional project monitoring ([2 CFR 200.208](#) lists three other example specific conditions).

Before imposing specific conditions, the agency must notify the recipient of at least five items:

1. The nature of the specific condition(s)
2. The reason why the specific condition(s) is/are being imposed
3. The nature of the action needed to remove the specific condition(s)
4. The time allowed for completing the actions
5. The method for requesting the agency to reconsider imposing a specific condition

Any specific conditions must be promptly removed once the conditions that prompted them have been satisfied. The list of specific conditions in [2 CFR 200.208](#) does not include temporarily withholding payments, disallowing costs, suspending awards, or terminating awards. However, as previously noted, [2 CFR 200.339](#) does allow for those more extreme actions if “noncompliance cannot be remedied by imposing specific conditions.”

## **What is the normal timeline at NSF for addressing perceived or actual noncompliance?**

[PAPPG Chapter XII.A.2](#) describes three phases for suspension or termination by NSF:

1. First, in cases of perceived award noncompliance, the NSF grants and agreements officer will normally advise the recipient in writing of the nature of the problem, requesting that the recipient respond in writing within thirty calendar days of the date of such letter, describing the action taken or the plan designed to correct the deficiency.
2. Second, if a satisfactory response is not received within the above period, the NSF grants and agreements officer may issue a notice immediately suspending authority to further obligate award funds, in whole or in part.
3. Third, normally, the suspension will remain in effect for a maximum of sixty days to allow the recipient to take corrective action. If the deficiency is not corrected to the satisfaction of the NSF, the NSF grants and agreements officer may issue a notice of termination.



## **Under irregular scenarios, can the NSF immediately suspend or terminate my award?**

Normally, the NSF will suspend or terminate an award only after giving the recipient an opportunity to correct a deficiency. However, the NSF may immediately suspend or terminate an award without notice “when it believes such action is reasonable to protect the interests of the government,” as noted in [PAPPG Chapter XII.A.2](#).

## **Under what scenarios can NSF terminate my award without my consent?**

As noted previously, federal agencies such as the NSF can terminate an award if “noncompliance cannot be remedied by imposing specific conditions,” per [2 CFR 200.339](#). Cross-agency regulations in [2 CFR 200.340](#) further define two scenarios under which an agency can terminate an award without the recipient’s consent:

1. If the recipient fails to comply with the award terms and conditions
2. To the extent authorized by law, if an award no longer effectuates the program goals or agency priorities

[PAPPG Chapter XII.A.2](#) further details the NSF-specific policies under which the NSF can initiate termination actions in specific scenarios. Per [2 CFR 200.341](#), agencies must provide written notice of termination, which should include the reasons for termination, the effective date, and the portion of the award to be terminated, if applicable.

## **What does “no longer effectuates the program goals or agency priorities” mean?**

In August 2020, the White House Office of Management and Budget [added](#) the termination provision for “no longer effectuates the program goals or agency priorities,” aiming to “strengthen the ability of the federal awarding agency to terminate federal awards.” This revision replaced a previous clause about terminating “for cause” (that is, poor performance).

More than a dozen organizations [objected](#) to this change, flagging the potential for termination on arbitrary grounds. For instance, the [Council of Government Relations](#) noted that the change might allow agencies to “terminate awards for reasons that the



awardee has no control over, regardless of how rigorously they comply with award requirements.” Similarly, the [University of California](#) argued that “the commitment made at the time an award is made should be honored for the life of the award.”

Importantly, federal statutes and regulations constrain the meaning of the terms “program goals” and “agency priorities.” Per [2 CFR 200.202](#), program goals refer to the goals that an agency such as the NSF has defined for a specific funding program that provide meaningful results and align with authorizing legislation. Per [Appendix I to 2 CFR 200](#), the notice of funding opportunity (for example, an NSF solicitation) must define the “program goals” and “agency’s funding priorities” in a required section titled “program description.”

## **How does the phrase “agency priorities” contrast with other priorities?**

The language of “agency priorities” is notable in the context of the rescinded [Office of Management and Budget memorandum M-25-13](#), issued January 27, 2025. This memorandum used the phrase “administration priorities” four times, in addition to “presidential priorities” and “president’s priorities.” For instance, it directed agencies to assign responsibility to a senior political appointee “to ensure federal financial assistance conforms to administration priorities.”

A federal judge ruled that the memorandum’s claims regarding presidential priorities were “constitutionally flawed,” according to a [temporary restraining order](#) issued on January 31, 2025. The order noted the following: “The executive branch has a duty to align federal spending and action with the will of the people as *expressed through congressional appropriations*, not through ‘presidential priorities’” (emphasis in original).

Hence, “agency priorities” are not necessarily the same as EOs about presidential priorities. Authorizing legislation and other statutes often mandate an agency’s priorities. For instance, section 526 of the [2010 America COMPETES Reauthorization Act](#) mandates that the NSF must evaluate all proposals per the broader impacts criterion. Also, as noted in the previous question, [Appendix I to 2 CFR 200](#) requires that agencies must define both the “program goals” and an “agency’s funding priorities” in notices of funding opportunities.

## **Understanding Options for Recourse with NSF Award Terminations**



## **Can I dispute an award termination?**

To dispute an award termination, the recipient must send a written letter within thirty days to NSF officials at the mailing address specified in [PAPPG Chapter XII.B](#). The letter must be either postmarked or stamped received by the NSF no later than thirty days after the date of the NSF letter notifying the recipient of the decision in question. The time for filing a request for review is strictly enforced and no extensions will be granted.

## **What could a dispute request include?**

Per [PAPPG Chapter XII.B](#), the NSF will review dispute requests that do one of the following:

1. Provides new information which was unavailable at the time of the original decision
2. Identifies an error in fact or application of NSF policy in the original decision
3. Identifies how improper procedures were followed in the original decision

Although the PAPPG does not provide specific examples of each above bullet, an error in the application of NSF policy (category B) might include violations of law that supersede executive orders or federal regulations, given the NSF's previous figure about delegations of authority. For instance, beyond the broad Congressional mandate for the NSF's broader impacts criterion, the [2022 CHIPS and Science Act](#) also includes several NSF-specific provisions about research areas such as broadening participation in STEM and climate change.

In addition, improper procedures (category C) might include NSF actions that did not follow the termination procedures noted in the PAPPG or the award's terms and conditions. For instance, per [PAPPG Chapter XII.A.2](#), action by the NSF to terminate an award will normally be taken only after informing the recipient of any deficiency and giving the recipient an opportunity to correct it. Across all agencies, [2 CFR 200.339](#) also requires that agencies must first determine that noncompliance cannot be remedied by imposing "[specific conditions](#)." If an agency did not follow those procedural rules, then a dispute request could note that.





More generally, per [2 CFR 200.342](#), federal agencies must provide the recipient with an opportunity to object and provide information challenging agency actions such as disallowed costs, corrective action plans, or terminations. The agency must maintain written procedures for processing objections, hearings, and appeals. Furthermore, the agency must comply with any requirements for hearings, appeals, or other administrative proceedings to which the recipient is entitled under any statute or regulation applicable to the action involved.

## **Do I also have options for legal recourse?**

NSF's PAPPG only details the "informal resolution of award administration disputes." If you think a public law has been violated, you may also consider seeking legal counsel.

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