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NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

National Endowment for the Arts

45 CFR Parts 1149 and 1158

RIN 3135-AA33

Civil Penalties Adjustment for 2026

AGENCY: National Endowment for the Arts, National Foundation on the Arts and the Humanities.

ACTION: Final action.

SUMMARY: The National Endowment for the Arts (NEA) is notifying the public that its civil monetary penalty amounts will not increase for the 2026 calendar year. The NEA is generally required by statute to amend its regulations annually to adjust for inflation the maximum civil monetary penalties (CMPs) that may be imposed for violations of the Program Fraud Civil Remedies Act (PFCRA) and the NEA's Restrictions on Lobbying. In accordance with guidance from the Office of Management and Budget (OMB), the NEA will continue to use the 2025 civil monetary penalty levels because there will be no cost-of-living adjustment for 2026.

DATES: This action is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: William Langer, Assistant General Counsel, National Endowment for the Arts, 400 7th St., SW, Washington, DC 20506, Telephone: 202-682-5595.

SUPPLEMENTARY INFORMATION:

1. Executive Summary

This notice informs the public that there will not be an increase to the maximum civil monetary penalties associated with (1) the Program Fraud Civil Remedies Act (45 CFR 1149.9) and (2) the NEA's Restrictions on Lobbying (45 CFR 1158.400; 45 CFR part 1158, app. A).

Because there will be no cost-of-living multiplier for 2026, the maximum penalty under the PFCRA for false claims and statements will be $14,307, and the range of penalties under the law on the Restrictions on Lobbying shall be between $25,119 and $251,322.

2. Background

On December 12, 2017 the NEA issued a final rule entitled "Federal Civil Penalties Adjustments"[1] which finalized the NEA's June 15, 2017 interim final rule entitled "Implementing the Federal Civil Penalties Adjustment Act Improvements Act"[2], implementing the 2015 Act (section 701 of Pub. L. 114-74), which amended the Inflation Adjustment Act (28 U.S.C. 2461 note) requiring catch-up and annual adjustments to the NEA's CMPs. The 2015 Act requires agencies make annual adjustments to its CMPs for inflation.

A CMP is defined in the Inflation Adjustment Act as any penalty, fine, or other sanction that is (1) for a specific monetary amount as provided by Federal law, or has a maximum amount provided for by Federal law; (2) assessed or enforced by an agency pursuant to Federal law; and (3) assessed or enforced pursuant to an administrative proceeding or a civil action in the Federal courts.

These annual inflation adjustments are based on the percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the month of October preceding the date of the adjustment, relative to the October CPI-U in the year of the previous adjustment. The formula for the amount of a CMP inflation adjustment is prescribed by law, as explained in OMB

[1] 82 FR 58348.
[2] 82 FR 27431.

Memorandum M-16-06 (February 24, 2016), and therefore the amount of the adjustment is not subject to the exercise of discretion by the Chairman of the National Endowment for the Arts.

In its prior rules, the NEA identified two CMPs which require annual adjustment: the penalty for false statements under the PFCRA and the penalty for violations of the NEA's Restrictions on Lobbying.

3. No Adjustment of Civil Penalties for 2026

On April 17, 2026, OMB issued memorandum M-26-11 informing agencies of the cancelation of the inflation adjustment for 2026.[3] Accordingly, the NEA will continue to apply the 2025 civil monetary penalty levels.

Authority:

The authority citation for the Program Fraud Civil Remedies Act (45 CFR 1149.9) continues to read as follows:

Authority: 5 U.S.C. App. 8G(a)(2); 20 U.S.C. 959; 28 U.S.C. 2461 note; 31 U.S.C. 3801-3812.

The authority citation for the NEA's Restrictions on Lobbying (45 CFR 1158.400; 45 CFR part 1158, app. A) continues to read as follows:

Authority: 20 U.S.C. 959; 28 U.S.C. 2461; 31 U.S.C. 1352.

Dated: July 24, 2026

RaShaunda Thomas,

[3] OMB Memorandum M-26-11, Cancellation of Penalty Inflation Adjustments for 2026, Regarding the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, *https://www.whitehouse.gov/wp-content/uploads/2026/04/M-26-11-Cancellation-of-Penalty-Inflation-Adjustments-for-2026-Regarding-the-Federal-Civil-Penalties-Inflation-Adjustment-Act-Improvements-Act-of-2015.pdf*.

Director (Acting), Office of Administrative Services and Contracts,

National Endowment for the Arts.

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