

**National Governors Association  
National Conference of State Legislatures  
The Council of State Governments  
National Association of Counties  
National League of Cities  
The U.S. Conference of Mayors  
International City/County Management Association  
National Association of State Auditors, Comptrollers and Treasurers  
National Association of Chief Information Officers  
The National Association of State Budget Officers**

November 17, 2011

The Honorable Jacob J. Lew  
Director, Office of Management and Budget  
Executive Office of the President  
Eisenhower Executive Office Building  
1650 Pennsylvania Avenue, NW  
Washington, DC 20503

Dear Mr. Lew:

On behalf of the above organizations representing state and local government officials nationwide, we are writing to you regarding the creation of a Council on Financial Assistance Reform as set forth in "M-12-01 - Memorandum for the Heads of Executive Departments and Agencies on Creation of the Council on Financial Assistance Reform." We applaud the U.S. Office of Management and Budget for recognizing the need to create a more streamlined and accountable structure to coordinate financial assistance; however, we are deeply disappointed that the council will be comprised only of federal officials. We strongly urge you to include several representatives of both state and local government organizations in all of the deliberations of the proposed Council on Financial Assistance Reform.

Over 80 percent of federal assistance flows to or through state and local governments. Over the years, we have watched the creation of several inefficient federal assistance programs and policies that could have been better formulated to benefit both the grantor and grantee communities. As we learned from implementation of the American Recovery and Reinvestment Act, constant and consistent communication among all stakeholder parties is required for success. The lack of foresight implicit in the exclusion of state and local officials on this council undermines the important work of the council before it even commences.

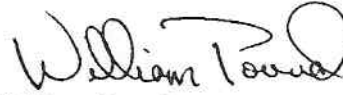
Although M-12-01 recognizes the need for a body to represent the interests and perspectives of the financial assistance community, exclusion of recipients from the new council does not address this need. Specifically, M-12-01 states that the council's activities are to include "providing recommendations to OMB on policies and actions necessary to effectively deliver, oversee and report on grants and best practices, as well sharing with executive departments and agencies best practices and innovative ideas for transforming delivery of this assistance." State and local governments have a wealth of experience and expertise gained from administering, funding and carrying out federal programs that are best shared through our direct participation in the Council.

Improving the management of federal assistance is a joint effort and formal engagement by all stakeholder parties is not only prudent but necessary. We look forward to working with you to better coordinate and manage financial assistance and urge you to formally include state and local governments in the process.

Sincerely,



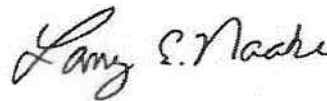
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cc: Daniel Werfel, Controller, U.S. Office of Management and Budget