July 31, 2026

The Honorable John Thune
Senate Majority Leader
United States Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Susan Collins
Chair
Senate Appropriations Committee
413 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Chuck Schumer
Senate Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Patty Murray
Ranking Member
Senate Appropriations Committee
154 Russell Senate Office Building
Washington, D.C. 20510

Re: OMB-2026-0034, Office of Management and Budget (OMB) Regulation for Federal Financial Assistance.

Dear Leader Thune, Chair Collins, Leader Schumer and Ranking Member Murray:

On behalf of the National League of Cities (NLC), representing 19,000 cities, towns and villages; The Council of State Governments (CSG), representing the leaders of all three branches of state government; the National Conference of State Legislatures (NCSL), representing the legislatures of all 50 states, U.S. territories and the District of Columbia; the National Association of Counties (NACo), representing 3,069 counties, parishes and boroughs across the United States; The US Conference of Mayors (USCM), representing cities over 30,000 in population; and the International City/County Management Association (ICMA), representing over 14,000 appointed local government professionals, we respectfully request that you include in the FY 2027 Continuing Resolution language that would stop the implementation of the OMB proposed rule on Uniform Guidance (referenced above). Our collective membership has significant concerns that the proposed changes would disrupt the stability of federal funding that communities rely on. We stand ready to hold more meaningful conversations with OMB on this matter.

The Uniform Guidance governs how hundreds of billions of federal grant dollars flow to and are administered by thousands of non-federal entities each year. These grant dollars support investments in infrastructure, transportation, public safety, public health, affordable housing and workforce development, among other shared local, state and federal priorities. State and local governments are entrusted by our residents to be responsible stewards of taxpayer funds. That requires adhering to strict budgets and carefully prioritizing which projects receive funding. State and local governments are governments, not contractors – accountable to our own voters and bound by public budgeting and procurement processes that a private contracting relationship does not anticipate. In turn, state and local governments ask that their federal government partners provide the same certainty and stability that residents expect of their own state and local governments.

Several proposed changes in the rule – including provisions allowing mid-award grant terminations based on shifting federal priorities and permitting agencies to alter terms and conditions throughout the period of performance - would undermine the reliability that state and local governments depend on when planning and budgeting for federally funded projects. This uncertainty extends far beyond any single project, negatively impacting local government credit ratings due to increased financial liability made inherent in accepting federal funds.

Additionally, we find that the proposed changes would increase the overall administrative burden placed on grantees, making it more difficult and expensive for state and local governments to manage the federal funding they need to build and maintain thriving communities. Several provisions would also increase the time it takes for awardees to be announced, reimbursements approved and grant modifications resolved, which will mean that roads may take longer to be built, public safety dollars could flow more slowly and affordable housing construction may be stalled.

Finally, we are concerned that the proposed implementation date of October 1, 2026, does not allow adequate time for a workable transition. The current date does not appear to account for the significant impacts the proposed changes will have on state and local laws and regulations, nor for the number of provisions that remain undefined or ambiguous. The rule drew nearly half a million comments, which speaks to the depth of concern among stakeholders.

As stewards of taxpayer dollars, we agree with the need to be constantly vigilant for cases of waste, fraud and abuse, but believe this proposal would increase the cost and complexity of administering federal funding without meaningfully reducing waste, fraud or abuse. We ask that you seriously consider adding language to halt the implementation of the proposed rule in the CR and, in doing so, preserve the federal-state-local partnership that has been the bulwark of the nation's federalism.

Sincerely,

Clarence E. Anthony
CEO and Executive Director
National League of Cities

David Adkins
Executive Director/CEO
The Council of State Governments

Tim Storey
Chief Executive Officer
National Conference of State Legislatures

Matthew D. Chase
CEO/Executive Director
National Association of Counties

Tom Cochran
CEO and Executive Director
The U.S. Conference of Mayors

Julia Novak
CEO/Executive Director
International City/County Management Association