



July 10, 2026

Honorable Russel T. Vought
Director, Office of Management and Budget
725 17th Street NW
Washington, DC 20503

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

Dear Director Vought,

Thank you for the opportunity to provide comments on the proposal to revise the OMB Guidance for Federal Financial Assistance located in title 2 of the Code of Federal Regulations (CFR), subtitle A.

The League of California Cities (Cal Cities) is an association representing California's 483 cities, advocating on their behalf at the state and federal levels and providing education opportunities to local officials. Cal Cities has consistently supported efforts to streamline federal funding processes and expand technical assistance to ensure all cities can access critical federal resources.

Federal grants require significant administrative capacity, from application through project management to outcome reporting and compliance verification. Many municipalities lack the resources, staffing capacity, and technical expertise to apply for and secure competitive federal funding.

In light of these challenges, Cal Cities first wants to express appreciation for several elements of this proposal that could make it easier for municipalities to apply for and manage federal grants. This includes provisions that promote the use of plain language in Notices of Funding Opportunities (NOFOs), require NOFOs to be posted for at least 30 days, and encourage accessibility for first-time applicants. Additionally, the use of executive summaries, centralized applications through Grants.gov, and Statements of Interest for high-demand programs could help streamline the application process and reduce administrative burdens for cities.

However, several provisions in this proposal may introduce new layers of administrative burdens that could inhibit under-resourced cities from pursuing federal funding altogether. For example, the proposal requires more detailed documentation for payment requests, expanded federal authority to modify grant conditions, and new participation requirements such as enrollment in the E-Verify program.

The proposal would also introduce new uncertainty into the federal grantmaking process. Provisions allowing agencies to terminate awards, including in response to



Executive Branch priorities, could pose significant risks to local governments. Cities often make substantial upfront investments and enter into contracts based on anticipated federal funding. If awards can be altered or rescinded midstream, cities may be forced to delay, scale back, or abandon critical projects.

Cal Cities is also concerned about introducing greater subjectivity into the grant application process. Language allowing agencies to consider factors such as "questionable practices" and the introduction of political review processes could shift funding decisions away from objective, performance-based criteria. This could create ambiguity for applicants and may undermine confidence in award decisions.

The proposal may also complicate how funding is distributed through states to local governments. Requiring states to conduct prepayment checks before distributing funds could delay access to critical funding for local governments and residents, potentially affecting time-sensitive services such as emergency response and public health. Local governments are not only recipients of federal grants, but also play an important role in implementation, ensuring federally appropriated funds reach communities. Policies that delay the flow of federal funding ultimately limit the federal government's ability to achieve its intended outcomes at the local level.

Cal Cities also seeks additional clarity on several aspects of the proposal, including how new requirements would apply to existing versus future grant agreements, whether sufficient notice and reimbursement would be provided in the event of grant termination, and whether OMB plans to offer additional guidance and technical assistance to support implementation. Without greater clarity, many cities may struggle to operationalize these changes by October of this year.

While Cal Cities supports efforts to simplify federal grant processes, we urge OMB to reconsider provisions that would increase administrative burdens, introduce uncertainty, and expand federal control over local decision-making. Cal Cities appreciates the opportunity to provide input and looks forward to continued collaboration to simplify federal grant processes and ensure access to funding for communities across California.

Sincerely,

A handwritten signature in black ink, appearing to read "Carolyn M. Coleman".

Carolyn M. Coleman
Executive Director and CEO