



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20503

THE DIRECTOR

October 27, 2011

M-12-01

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Jacob J. Lew
Director

A handwritten signature in black ink, appearing to be "JL", written over the printed name "Jacob J. Lew".

SUBJECT: Creation of the Council on Financial Assistance Reform

This Administration has committed to reforming Federal Government so that it serves the American people with the utmost effectiveness and efficiency. Building on the President's Accountable Government Initiative, on June 13, 2011, the Administration launched its Campaign to Cut Waste to go after unnecessary, inefficient, or ineffective government spending. On that same day, the President also issued an Executive Order (Order) on Delivering an Efficient, Effective, and Accountable Government. This Order fulfills the President's pledge to deliver a smarter and leaner Government through the establishment of the Government Accountability and Transparency Board (GATB). The GATB will provide strategic direction for enhancing the transparency of Federal spending and advance efforts to detect and remediate fraud, waste, and abuse in Federal programs.

The creation of the GATB has underscored the financial assistance community's need for an institutionalized, formal coordination body over Federal grants and cooperative agreements. In addition to representing the interests and perspectives of the financial assistance community, this body must also identify how we can make it easier for recipients to learn about and apply for assistance for which they are eligible, as well as to understand what benefits they, and the country as a whole, have received as a result.

To accomplish this, the Office of Management and Budget (OMB) is hereby creating a Council on Financial Assistance Reform (Council), an interagency group of Executive Branch officials. This Council replaces two Federal boards - the Grants Policy Council which was established in 1999 and the Grants Executive Board which was established 2004 - to create a more streamlined and accountable structure to coordinate financial assistance. Using existing resources, the Council's activities will include providing recommendations to OMB on policies and actions necessary to effectively deliver, oversee, and report on grants and cooperative agreements, as well as sharing with executive departments and agencies (agencies) best practices and innovative ideas for transforming the delivery of this assistance. In addition, the Council will discuss with relevant stakeholders across Government whether to expand its purview to include loans, insurance, direct assistance, and other types of financial assistance. The Council will report back to OMB whether this expanded role is appropriate and non-duplicative with other existing efforts and if recommended, the timeline by which to implement the expanded role.

In particular, the Council will work with the GATB and agencies to foster more efficient and effective Federal financial management by coordinating the development and implementation of a standardized business process, data standards, metrics, and information technology. The Council will also work with key stakeholders in coordinating the streamlining and simplification of the financial assistance process by eliminating unnecessary regulatory, reporting, and grant-agreement requirements and by increasing flexibilities for satisfying grant requirements.

In addition, the Council will identify emerging issues, challenges and opportunities in grants management and policy, including as appropriate, improvements to the competitive grant-making process. The Council will also serve as a clearinghouse of information on innovations and best practices in grants management, and as appropriate, sponsor and lead new efforts for innovation.

The Council will be composed of the OMB Controller and senior policy officials from nine other Federal agencies. Eight of the agencies are those that provide the largest amounts of financial grants assistance: the Departments of Agriculture, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Labor, and Transportation. In addition, in order to represent the perspective of other agencies that administer grants and cooperative agreements, the Council will include a senior policy official from one other agency, selected by OMB to serve a two-year term. For the initial term, the National Science Foundation will perform this function.

The Council will be co-chaired by the OMB Controller and a senior policy official from another agency, who will serve for a two-year term and, at the Council's discretion, may serve two consecutive terms. The first co-chair will be Chief Financial Officer of the Department of Health and Human Services. The successor co-chairs will be selected by the Council members.

We continue to appreciate your attention and cooperation in improving the management of Federal financial assistance. If you have any questions regarding this memorandum, please contact Karen F. Lee at (202) 395-8083 or klee@omb.eop.gov.