The Obama Administration comes with hopes to begin to address a host of extraordinarily daunting objectives ranging from economic recovery to a more renewable energy future to providing access to health care for all Americans. As state and local governments administer most of domestic programs, their expertise, authority and record of innovation is essential to address many of the profound challenges facing the nation. The new Administration will need to draw on state and local capacities to:

- Fashion effective strategies to rein in the costs, enhance quality and expand access to health care services;
- Ensure adequate response and recovery for a wide variety of natural disasters and any potential terrorist incident;
- Promote recovery of housing markets by working in communities with lenders and borrowers alike to fashion win-win solutions;
- Institute transportation and land use practices in order to reduce energy consumption and protect the environment, and;
- Invest in the human and physical capital essential for developing new industries and expanding employment opportunities.

Addressing these objectives demands a sea change in federal-state-local relations. Over much of the past decade, federal relations with states and localities was far too often top-down, coercive and dysfunctional. The federal response to hurricanes Katrina and Rita amply demonstrates what can happen when intergovernmental collaboration breaks down. The state drivers license mandate under the 2005 Real ID Act is also an instance of the failure to gain state support to implement federal programs. The success of a new Administration will in no small measure rest on its willingness to restructure intergovernmental management across the federal system – a restructuring based on collaboration rather than command and control.

To take advantage of the capacities of state and local governments, the Obama Administration should undertake systematic efforts to collaborate with the state and local sector in both the design and implementation of policy initiatives. This will first and foremost call for leadership by new appointees with the commitment and background to shape effective intergovernmental partnerships. Such partnerships should include the following actions:
• Maintain ongoing and fully candid consultation with state and local officials;
• Provide a strong voice for intergovernmental issues within the White House;
• Foster data systems and analyses necessary to formulate cogent intergovernmental policy;
• Encourage key departments and agencies to establish robust capacities to address intergovernmental issues;
• Expand the use of vehicles for collaboration such as performance partnerships and regulatory negotiations, and
• Encourage an independent office to articulate the concerns and perspectives of state and local officials.

We strongly believe that achieving these objectives calls for new structures to more firmly institutionalize a more productive intergovernmental partnership. There are various alternatives to consider and it is possible to consider these as complementary rather than mutually exclusive:

• A senior White House policy advisor who can provide leadership for intergovernmental issues as part of the domestic policy process
• An office within Executive Office of the President to provide a focus for assessing the intergovernmental impacts of federal policies;
• Embedding intergovernmental consultation in interagency working groups that formulate policy initiatives such as expanding affordable housing or fostering regional economic development, and;
• A new independent organization to articulate the concerns and perspectives of state and local governments.

NAPA’s Federal Systems Panel does not recommend any of particular mix of approaches to institutionalize a strong focus on intergovernmental issues within the Obama Administration. Rather, we urge senior leaders of the Administration’s transition activities to meet with the representatives of the nation’s state and local officials and independent experts on intergovernmental affairs to identify approaches for dialogue and collaboration that will best promote the overall goal of fashioning effective intergovernmental partnerships.