



Puget Sound Regional Council

Federal Update – March 2025

Leslie Pollner, Senior Policy Advisor

Holland & Knight

Agenda

- Appropriations Update: Continuing Resolution / FY26 Appropriations
- Budget Reconciliation Update
- Trump Administration Updates
 - Transportation
 - Housing
- Questions

Appropriations Update – Continuing Resolution / FY26 Appropriations

- On March 14, Congress passed a full-year continuing resolution (CR) to maintain and extend government funding at FY24 levels.
- Current funding expires on September 30, requiring lawmakers to either pass FY26 appropriations bills or an additional CR before then.
- The CR's \$13 billion in reductions in domestic spending were largely due to removal of earmarks (congressionally directed spending/community project funding).
- The CR increased funding for ICE by approximately \$440 million compared to the previous level, following a request by the White House for additional funding to support ICE operations and priorities.
- Members are beginning to solicit requests for FY26 earmarks, programmatic funding levels, and bill language.
- House Republicans' slim majority and disagreements surrounding spending levels will make finding an agreement on FY26 difficult.

Budget Reconciliation Update

- The budget reconciliation process allows for Congress to pass legislation dealing with mandatory spending, revenues, and the debt limit with a simple majority in the Senate.
- Republicans have begun the process to fund President Trump's agenda through budget reconciliation, but conflicting ideas on the scope and key spending offsets within the package.
- Republicans are expected to cut spending for Medicaid and nutrition programs (i.e. SNAP, TANF) to pay for the investments. Other proposals could include removing the tax-exempt status for municipal bonds and cutting funding for sanctuary cities.
- A final reconciliation bill is expected to include funding for immigration/border enforcement, defense, energy investment. A budget reconciliation bill could also include an extension of the federal debt ceiling, which is predicted to expire between July and October.

House Budget Resolution – Key Provisions

- The House budget resolution calls for a reauthorization of Trump’s 2017 tax law, which could include a return of the Opportunity Zone program and an expansion of the Low-Income Housing Tax Credit.

House Resolution

- Instructs committees to report legislation to add as much as \$3.3 trillion to the deficit over 10 years to address tax cuts and border funding, and that increases the debt limit by \$4 trillion
- Total includes up to \$4.5 trillion in tax cuts and at least \$1.5 trillion in spending cuts; amended to require offsetting reductions to tax cuts if \$2 trillion in spending cuts not met
- Committee instructions [suggest](#) cuts to Medicaid and food aid



Speaker Mike Johnson
(R-La.)



House Budget Chair Jodey Arrington
(R-Texas)

House committee	Allowed deficit effect (in billions)
Agriculture	-\$230
Armed Services	+ 100
Education and Workforce	- 330
Energy and Commerce	- 880
Financial Services	- 1
Homeland Security	+ 90
Judiciary	+ 110
Natural Resources	- 1
Oversight and Government Reform	- 50
Transportation and Infrastructure	- 10
Ways and Means	+ 4,500
Total	+ 3,298

Source: Bloomberg Government

Senate Budget Resolution – Key Provisions

Senate Budget Resolution

- Instructs committees to report legislation to add as much as \$517 billion to the deficit over a decade; Budget Committee Chair Graham said the resulting bill would spend \$85.5 billion annually over four years and be fully offset
- Resulting bill would pay for border wall, immigration agents, missile defense and Navy procurement; also would eliminate Democrats’ methane fees
- Does not include reauthorization of the Trump 2017 tax cuts



Senate Majority Leader John Thune
(R-S.D.)



Senate Budget Chairman Lindsey Graham
(R-S.C.)

Senate committee	Allowed deficit effect (in billions)
Agriculture, Nutrition, and Forestry	-\$1
Armed Services	+ 150
Commerce, Science, and Transportation	+ 20
Energy and Natural Resources	- 1
Environment and Public Works	+ 1
Finance	- 1
Health, Education, Labor, and Pensions	- 1
Homeland Security and Governmental Affairs	+ 175
Judiciary	+ 175
Total	+ 517

Source: Bloomberg Government

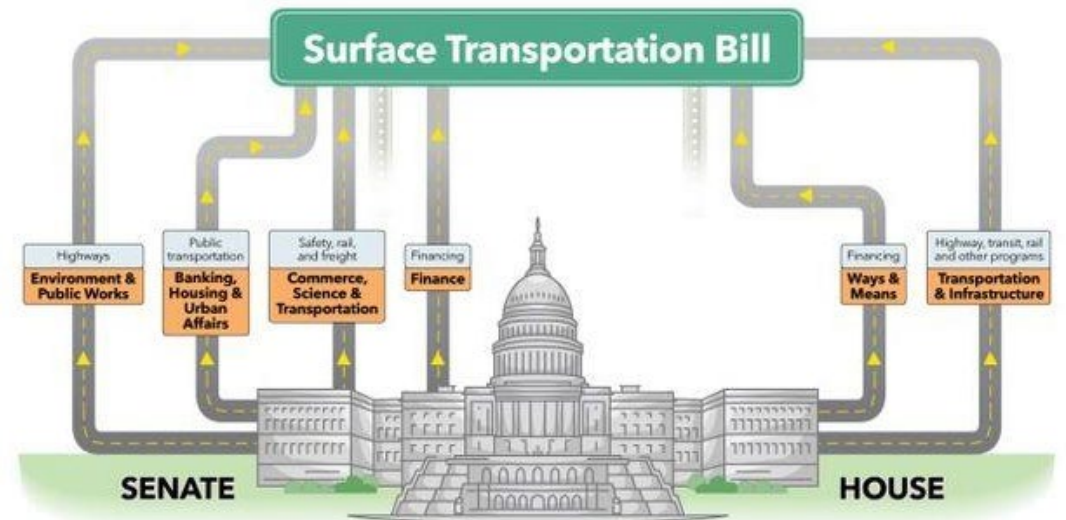
Trump Administration Updates – Transportation

- DOT Secretary Sean Duffy released new policy this month outlining how DOT would oversee the implementation of federal loans, grants, and other assistance.
- New evaluation criteria for future grant programs could require applications to address how funding will promote family-friendly practices, utilize user-pay models, and omit references of climate change and DEI policies.
- For prior awards made from FY21-25 without fully obligated grant agreements, DOT will conduct additional reviews of projects before it allows for funding to be disbursed. The following project components are considered problematic by the Department:
 - DEI activities
 - “climate change activities”, environmental justice
 - bicycle infrastructure (i.e., recreational trails and shared-use paths, etc.),
 - electric vehicles (EV), and EV charging infrastructure
- Once a review has been completed, the Department will determine whether a project should continue in its current form with no change, be revised with a reduced or modified scope, or be canceled entirely.
- The next NOFO from the Department is expected in the coming months.

Surface Transportation Reauthorization

- The current **Surface Transportation Authorization** was included in the Bipartisan Infrastructure Law (BIL) and expires on September 30, 2026. The BIL provided approximately \$550 billion in infrastructure investment over 5 years, including:
 - \$350.8 billion for federal highways
 - \$91.2 billion for federal transit programs
- Key committees of jurisdiction – such as the House Transportation and Infrastructure (T&I) Committee and the Environment and Public Works (EPW) Committee – have begun holding hearings to collect stakeholder input.
- BIL created many new DOT programs. Congress is likely to eliminate or consolidate programs.
- Member priorities for the next reauthorization could include safety, freight movement, and supply chain connectivity projects.

Committees Responsible for Surface Transportation Reauthorization
Several panels will play a role in a long-term reauthorization.



Note: Additional committees – including House Energy and Commerce and Science, Space and Technology – may also be involved in the final bill.

Sources: Bloomberg Government reporting, Congressional Research Service

Bloomberg Government

Surface Transportation Reauthorization Cont.

Timeline of Reauthorization

2025

- Spring to Summer: Members collect requests for surface transportation reauthorization
- Spring to Winter: Hearings on policy and funding principles
- Early Winter: Administration rolls out surface transportation proposal with a budget proposal

2026

- Spring: Congressional committees will finalize surface transportation authorization bill and hold mark-ups. Typically, the House releases their bill first.
- Early Summer: Each chamber holds floor votes on respective bills. Move to conference differences.
- September 30: Current Surface Transportation Reauthorization bill expires.
- November Midterm Elections

Surface Transportation Reauthorization Cont.

PSRC Delegation Members on Committees of Jurisdiction

House Transportation & Infrastructure

- Rep. Rick Larsen (WA-02), Ranking Member of House T&I
- Rep. Marilyn Strickland (WA-10)

House Ways and Means

- Rep. Suzan DelBene (WA-01)

Senate Commerce, Science, and Transportation and Senate Finance

- Sen. Maria Cantwell (WA)

Trump Administration Updates – Housing

- Reporting indicates DOGE and HUD are planning widespread cuts to the HUD workforce. Up to 80% cuts at the Office of Community Planning and Development (CPD) could significantly slow the Department's ability to administer federal grants.
- HUD Secretary Scott Turner intends to focus on deregulation and other mechanisms through HUD that do not require additional federal dollars. Turner also indicated that he would like to see work requirements for public housing.
- Turner and Interior Secretary Doug Bernum announced a new taskforce to use federal land for affordable housing development.
- The Federal Housing Finance Agency (FHFA) – which oversees federally-backed mortgage institutions *Fannie Mae* and *Freddie Mac* – has shuttered two of its divisions, resulting in a cut to nearly 10% of its workforce.
- President Trump could also sign an executive order like the one he penned in his first term - directing federal departments to identify regulations that prevent affordable housing development.

Questions?