



September 18, 2025

To: Legislative and Communications Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Federal Legislative Status Report

Overview

The Orange County Transportation Authority regularly updates the Legislative and Communications Committee on policy and regulatory issues directly impacting the agency's programs, projects, and operations. This status report includes information on the House and Senate fiscal year 2026 Transportation, Housing, and Urban Development appropriations bill, an update on the proposal to repeal the 2009 Greenhouse Gas Endangerment Finding, recent executive orders, a letter from Members of Congress related to bus purchase prices, and an update pertaining to federal actions related to the California High-Speed Rail Authority. Overviews are provided on a Senate Environment and Public Works Committee hearing and a House Transportation and Infrastructure Committee hearing.

Recommendation

Receive and file as an information item.

Discussion

Fiscal Year 2026 House Appropriations Update

On July 17, 2025, the House of Representatives (House) Appropriations Transportation, Housing, and Urban Development (THUD) Subcommittee, by a vote of 35-28, approved the fiscal year (FY) 2026 THUD appropriations bill. The bill set annual discretionary and supplemental funding levels for the Department of Transportation (DOT). The House FY 2026 THUD bill proposes a total discretionary allocation of \$89 billion, nearly five percent below the FY 2025 enacted level. Additionally, the House THUD bill provides a discretionary total of about \$90 billion, prioritizing air traffic control infrastructure and transportation safety.

Under the House THUD bill, the Federal Highway Administration (FHWA) would receive \$64.4 billion, which is nearly \$2 billion above the FY 2025 enacted level. This includes \$954 million for 464 highway projects identified through member requests, known as Community Project Funding (CPF) or earmarks. By comparison, the Federal Transit Administration (FTA) would receive a total of \$14.9 billion, marking a \$1.8 billion decrease from the previous FY. It should be noted that consistent with the Infrastructure Investments and Jobs Act (IIJA), contract authority remains steady for the FTA. While only \$54 million in new discretionary funding is provided for the Capital Investment Grants (CIG) Program, the bill utilizes carryover funds from FY 2025 and \$1.6 billion in IIJA advance appropriations to support every transit capital project ready to proceed in 2026. It should be noted that the House THUD bill does not provide additional discretionary funding over authorized amounts for several competitive grant programs, such as the Low or No Emission and Buses and Bus Facilities program.

The Federal Railroad Administration (FRA) receives \$3.1 billion, which is \$198 million above the FY 2025 enacted level. This includes \$2.3 billion for Amtrak, split between the Northeast Corridor and the National Network, and \$538 million for the Consolidated Rail Infrastructure and Safety Improvements Program with a portion reserved for community-designated projects. The proposal also transfers \$1.4 billion from Federal-State Partnership (FSP) to the Amtrak National Network and \$925 million from the FSP to the Amtrak Northeast Corridor.

Beyond funding levels, the House bill includes a comprehensive suite of transportation policy directives in its report language that signal congressional intent across a broad range of technical, regulatory, and equity-related issues.

Among the notable directives:

- The DOT is to accelerate the use of digital project delivery tools across federally funded projects, enhancing efficiency and cost-effectiveness.
- The Buy America, Build America provisions receive renewed focus, with direction to the FHWA to issue clearer, more standardized guidance to reduce administrative burdens on state and local agencies.
- A call for a national Vehicle Miles Traveled pilot program, signaling renewed interest in mileage-based user fee structures as a future alternative to the gas tax.
- The FHWA is encouraged to continue supporting Vision Zero programs, pedestrian safety, and Safe Routes to School initiatives through interagency coordination.

- The reduction of greenhouse gas (GHG) emissions as a performance measure is explicitly restricted, reinforcing earlier congressional opposition to rulemaking in this area.
- A moratorium on equity-related initiatives, prohibiting the use of DOT grant funding in alignment with the 2022 DOT Equity Action Plan.
- The DOT is prohibited from using federal funds to adopt technologies such as foreign-manufactured Light Detection and Ranging systems, citing national security concerns.
- The DOT must also assess cybersecurity vulnerabilities in electric vehicles and prepare a report outlining mitigation strategies.

In addition to the directives outlined above, the full committee report accompanying the House FY 2026 THUD bill includes two notable general provisions. First, there is language that prohibits the DOT from providing any federal funds to the State of California for the California High-Speed Rail project or any substantially similar initiative, citing ongoing concerns with the project's cost, timeline, and scope. Second, there is a provision barring the use of funds to propose, implement, or enforce mask mandates for public transportation or transportation hubs in response to the coronavirus public health emergency.

Included in the House THUD appropriations bill is \$3.73 billion in CPFs for transportation and housing-related projects. It should be noted that these are not finalized and are subject to continued negotiations. However, those requested by the Orange County Transportation Authority (OCTA) are included as follows:

- \$1.7 million for the Interstate 5 (I-5) Improvement Project (Interstate 405 to State Route 55 [SR-55]) - submitted by Representative Young Kim (R-Fullerton).
- \$3 million for the SR- 55 Improvement Project (I-5 to State Route 91) - submitted by Representative Kim.
- \$850,000 for the I-5 Improvement Project (Avenida Pico to County Line) - submitted by Representative Mike Levin (D-Dana Point).
- \$250,000 for Technology and Signal Upgrades – submitted by Representative Dave Min (D-Irvine).

This list does not include other projects that were submitted within Orange County, which were requested by individual cities, the County, or other transportation agencies such as Metrolink. Although a project may be included at this time, this does not guarantee that the project will receive funding in the final FY 2026 appropriations bill. Staff will continue to work with delegation

members throughout the appropriations process and will provide updates to the OCTA Board of Directors.

Fiscal Year 2026 Senate Appropriations Update

On July 24, 2025, the Senate Appropriations Committee, by a vote of 27-1, approved its FY 2026 THUD appropriations bill. The bill appropriates a total of \$26.5 billion in discretionary funding for the DOT, about \$1.3 billion above the FY 2025 enacted level, and utilizes a combination of new appropriations and IIJA advance appropriations to fund key federal transportation programs. The Senate THUD bill includes \$63 billion for the FHWA, a \$129 million increase from the FY 2025 enacted level, along with approximately \$17 billion for the FTA, approximately the same as the FY 2025 enacted level. It also provides \$2.9 billion for the FRA, a decrease of about \$700 million from the FY 2025 enacted level. The Senate THUD bill differs in its approach from the House THUD bill with a greater emphasis on funding for public transportation, system accessibility, operational safety, and readiness for major international events. It also continues to provide new discretionary funding for several competitive grant programs, such as the Low or No Emission and Buses and Bus Facilities programs, that the House bill does not fund beyond previously authorized IIJA levels. In addition, the Committee limited the number of congressionally directed spending requests included in the bill, resulting in fewer earmarked transportation projects than in previous years, especially for California. The Senate bill does not include the policy restrictions contained in the House version of the bill.

The Senate THUD bill includes funding provisions across several areas of transportation, including capital transit programs, safety initiatives, planning for major international events, and coordination with housing-related policies. It also includes limited funding for operational support at large transit agencies. Of note:

- \$3.5 billion is provided for the CIG Program, including \$1.9 billion in FY 2026 appropriations and \$1.6 billion in IIJA advance appropriations.
- \$1.1 billion is provided for the Buses and Bus Facilities Program, continuing support for transit agencies to replace aging fleets and upgrade related infrastructure, particularly in areas with high ridership demand and low vehicle availability.
- \$1.05 billion is included for the Low or No Emission Discretionary Grant Program, which supports transit agencies in acquiring zero-emission buses and charging or fueling infrastructure, contributing to system modernization and environmental goals.
- \$950 million is provided for the State of Good Repair Grants Program to support maintenance and reinvestment in older transit systems with high-capacity usage.

The Senate bill also provides \$20 million in operating assistance for transit safety, provided through a Transit Infrastructure Grant earmark that would be distributed via formula. This proposal would allow the ten largest transit agencies by ridership, which does not include OCTA, to use federal funds for the salaries and contracts of police officers, security personnel, and crisis intervention specialists. This represents a shift toward acknowledging public safety as a critical component of transit service restoration and passenger confidence.

The Senate bill also dedicates funding to ensure transportation readiness for upcoming international events. Specifically:

- \$78.1 million is included to support transit operations during the 2026 Fédération Internationale de Football Association World Cup, which will be hosted across 11 United States (U.S.) cities over 39 days. This funding is intended to help agencies plan and deliver enhanced service, employ additional personnel, and strengthen transit security.
- \$68 million is provided for the 2028 Olympic and Paralympic Games in Los Angeles (Games), to support a supplemental regional bus system, implement traffic surveillance and management systems, and establish dedicated transit lanes serving Games venues.

Update on Proposal to Repeal the 2009 GHG Emission Endangerment Finding

On Tuesday July 29, 2025, U.S. Environmental Protection Agency (EPA) Administrator Lee Zeldin announced that the agency would formally repeal the “Endangerment and Cause or Contribute Finding for Greenhouse Gases Under Section 202(a) of the Clean Air Act” (Endangerment Finding). The proposed repeal was published in the Federal Register on August 1, 2025, and is open for public comment through September 15, 2025, with hearings held throughout August.

The Endangerment Finding, issued under the Obama administration, concluded that six GHGs, including carbon dioxide, methane, and nitrous oxide, endanger public health and welfare due to their role in climate change. It provided the legal basis for a range of federal climate regulations, including vehicle emission standards, power plant carbon dioxide limits, and methane controls. This determination followed the 2007 Supreme Court ruling in *Massachusetts v. Environmental Protection Agency*, which required the agency to assess whether GHGs qualify as air pollutants under the Clean Air Act.

The EPA maintains that the Clean Air Act does not authorize the agency to regulate GHG emissions to address global climate change, asserting that the statute is limited to pollutants with local or regional impacts. The agency also claims that the Endangerment Finding misapplied the scientific record, and that the economic costs of regulation may outweigh the projected climate benefits.

Repealing the Endangerment Finding would mark a significant shift in federal environmental and transportation policy. It could lead to legal challenges regarding the EPA's authority to regulate GHG emissions, and raise questions about state rights, particularly California's authority to set its own vehicle emission standards under a federal waiver. This would have implications for states that follow California's standards, representing more than one-third of the national vehicle market.

For transportation agencies, the repeal may influence vehicle emissions requirements, funding programs tied to climate metrics, and long-term procurement and planning strategies, especially in jurisdictions pursuing independent climate goals. Staff will continue to monitor the proposed repeal and evaluate its potential impacts on regulatory compliance, funding opportunities, and agency operations.

Congressional Request for Government Accountability Office Review of Transit Bus Manufacturing Costs

On August 7, 2025, Representatives Rick Larsen (D-WA), Maxwell Frost (D-FL), and Mike Turner (R-OH), sent a letter to Comptroller General Gene L. Dodaro at the Government Accountability Office (GAO) requesting a comprehensive study on transit bus manufacturing and procurement. The letter is included in Attachment A and explains that millions of Americans depend on public transit and that federal programs such as the Low or No Emission Grant Program and the Buses and Bus Facilities Grant Program, administered by the FTA, provide critical support to transit agencies in purchasing buses. The members express concern that the high cost of manufacturing transit buses in the U.S. is creating significant challenges for transit agencies and the communities they serve. They reference a November 2024 GAO report showing that supply chain and manufacturing issues have been delaying bus acquisitions and driving up costs. The request asks the GAO to investigate the main factors influencing the cost of transit buses, compare these costs to those in other countries, examine how manufacturing and supply chain challenges affect federally funded procurements, and review the actions taken by federal, state, local, and industry stakeholders to reduce costs and improve delivery timelines.

Recent Executive Orders

On August 5, 2025, the President issued Executive Order (EO) 14328, entitled "Establishing the White House Task Force on the 2028 Summer Olympics". The EO creates a coordinated federal structure to assist in planning, organizing, and executing activities related to the Games in the U.S.

The task force will be chaired by the President and vice-chaired by the Vice President, with membership including the heads of key federal departments and agencies. It will be housed administratively within the Department of Homeland Security and will coordinate interagency efforts related to security,

transportation, border management, visa processing, and operational readiness for the Games. The task force will also identify and address potential legal, logistical, or regulatory barriers that could affect federal support.

Agency members are required to submit planning and activity reports to the task force by October 1, 2025. The task force is scheduled to terminate on December 31, 2028, unless extended by the President. OCTA staff will be monitoring for further details.

On August 7, 2025, the President issued EO 14332, "Improving Oversight of Federal Grantmaking." The EO establishes new requirements for federal agencies in managing discretionary grants and funding opportunities. Agencies must appoint a senior political appointee to review and approve all funding opportunity announcements before release. All funding announcements must be written in plain language, and agencies are required to coordinate with one another to avoid duplication.

The EO also directs the Office of Management and Budget to revise federal guidance so that all discretionary grant agreements include termination-for-convenience clauses, allowing agencies to end grants when they no longer align with federal priorities. Agencies are instructed to amend existing agreements to include these provisions where legally permissible. In addition, grantees may face restrictions on drawing down funds without prior justification and authorization.

Finally, the EO prohibits the use of federal grant funds for activities such as racial preference programs, initiatives denying biological sex differences, and other categories defined as inconsistent with national priorities.

Marc Molinaro Confirmed as Administrator of the Federal Transit Administration

Marc Molinaro was confirmed by the U.S. Senate as the 16th Administrator of the FTA on August 2, 2025, by a vote of 71-23. He will officially assume leadership of the agency as of August 4, 2025. Molinaro brings a background in both federal and local government, having served as a U.S. Representative for New York's 19th congressional district and previously as Dutchess County Executive. He began his public service career as Mayor of Tivoli, New York at the age of 19, one of the youngest in U.S. history.

During his confirmation hearing in March, Molinaro emphasized his commitment to continuing the FTA's core mission of distributing federal transit funding effectively, particularly under the IIJA. He pledged to ensure the agency remains focused on safety, accessibility, and efficient grant management. Molinaro also highlighted the importance of protecting the FTA's professional workforce and supporting both urban and rural transit agencies in navigating federal funding requirements.

His confirmation was supported by a range of transit stakeholders, including the American Public Transportation Association, the Transport Workers Union, and the American Bus Association.

Updates Related to the California High-Speed Rail Authority

On August 19, 2025, Chairman James Comer (R-KY), Chairman of the House Committee on Oversight and Government Reform (Committee), sent a letter to DOT Secretary Sean Duffy explaining that the Committee is opening an investigation into whether the California High-Speed Rail Authority (CHSRA) knowingly misrepresented ridership and financial forecasts to secure federal and state funding.

The Committee's request to DOT is broad in scope. It asks for all documents and communications from CHSRA, other California government entities, or third parties that were submitted to DOT to solicit or obtain state or federal funding for the CHSRA project. In addition, it seeks all documents and communications within the DOT analyzing the project's development and long-term viability, including but not limited to ridership projections, property acquisition, environmental reviews, and contracting.

This development comes on the heels of Secretary Duffy's rescission of federal funding for the CHSRA project. Specifically, in July 2025, Secretary Duffy announced the termination of approximately \$4 billion in unspent federal funding for the CHSRA project. The decision followed a compliance review by the FRA that concluded the CHSRA had not met grant requirements and did not present a viable delivery path for the project. The State of California has since challenged the action in federal court.

In late August 2025, the DOT withdrew an additional \$175 million in federal funding. This action affected several components of the CHSRA project, including the Le Grand Overcrossing on the Merced Extension, the planned Madera High-Speed Rail Station, the Downtown Extension Project in San Francisco, and grade separations in southern San Jose. Secretary Duffy described these project elements as unrealistic and cited inefficiency and lack of progress as the basis for the withdrawal.

House Transportation and Infrastructure Committee Hearing on DOT Budget Request

On July 16, 2025, the Transportation and Infrastructure Committee held a hearing entitled, "*Oversight of the Department of Transportation's Policies and Programs and Fiscal Year 2026 Budget Request*" with Secretary Duffy. The hearing reviewed the DOT's policy direction, project delivery delays, and grant management practices as lawmakers look ahead to the reauthorization of surface transportation programs before the IIJA expires in 2026.

Chairman Sam Graves (R-MO) emphasized the need for streamlined permitting and reduced administrative burdens, while Ranking Member Rick Larsen called on the DOT to expedite the processing of more than 1,300 pending grant agreements. Secretary Duffy stated that the DOT had advanced over a third of those grants and expected to clear the rest by early fall. He highlighted goals to increase permitting efficiency, modernize infrastructure systems, and provide states with more flexibility.

Lawmakers from both parties raised concerns about changes to discretionary grant criteria, potential rescissions of previously awarded funds, and proposed cuts to programs like electric vehicle charging. Representative Val Hoyle (D-OR) and Representative Valerie Foushee (D-NC) questioned the consistency in honoring prior funding decisions, while Representative Eric Crawford (R-AR) welcomed new investment in truck parking. Representatives Vince Fong (R-CA) and Doug LaMalfa (D-CA) both praised the DOT's decision to cancel previously awarded funding for the California High-Speed Rail project, describing it as a responsible move to redirect funds from what he called a costly and ineffective project.

While views diverged on issues such as transit equity, safety metrics, and regulatory reform, members across the aisle underscored the need to improve infrastructure delivery, funding predictability, and oversight. The hearing reflected the ongoing debate over how to balance flexibility and accountability as Congress prepares for the next surface transportation authorization.

Senate Committee on Environment and Public Works Hearing on Surface Transportation Reauthorization

On July 16, 2025, the Senate Committee on Environment and Public Works held a hearing titled *"Constructing the Surface Transportation Reauthorization Bill: Stakeholders' Perspectives"* to further construct the reauthorization bill with stakeholder's perspectives. Chairman Capito (R-WV) opened the hearing with her surface transportation reauthorization bill priorities which included improving safety and reliability of surface transportation networks, reforming and modernization of federal programs and policies, and addressing the variety of surface transportation needs through all states by giving states funding flexibility.

Witnesses emphasized the importance of strengthening direct federal investment in local governments to better address the unique needs of cities and communities across the country. Several speakers highlighted the value of grant programs that enable innovative local projects, particularly those advancing resilience and sustainability. Others stressed the need for greater flexibility in how states can deploy federal funds, encouraging Congress to streamline processes, reduce duplicative requirements, and consider reforms that would allow resources to be allocated where they are most needed. A recurring theme was the call for funding structures that take into account not only population, but

also economic and regional factors, ensuring a more equitable and effective distribution of resources nationwide

Furthermore, Senator Padilla (D-CA) referenced Arizona's recent hosting of the Super Bowl and asked how the federal government can better support transportation needs to accommodate increased ridership for major sporting events. Mayor Gallego stated that the City of Phoenix's partnership with the federal government is what made their transportation successful, the use of the Skills and Training to Achieve Readiness for Tomorrow Program was able to expand the transportation system in Phoenix, expand the Phoenix Airport tarmac, and acquire new and loaned busses. She then suggested looking at funding that can be applied during peak ridership usage not just regular transit use.

Overall, the hearing revolved around discussions of flexible funding methods, permitting reform, and what should be prioritized and included in the upcoming surface transportation reauthorization bill.

Summary

An update is provided on the federal appropriations process, an effort to repeal the 2009 Greenhouse Gas Endangerment Finding, two executive orders, a study on bus prices, and the California High-Speed Rail Authority. Overviews are provided on two hearings.

Attachments

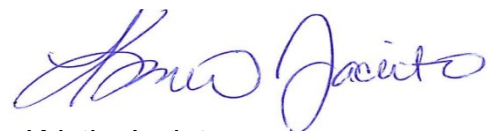
- A. Letter from the Honorable Rick Larsen, Ranking Member, House Transportation and Infrastructure Committee, the Honorable Maxwell Frost, Representative, House of Representatives, and the Honorable Michael Turner, Representative, House of Representatives, to the Honorable Gene L. Dodaro, Comptroller General, U.S. Government Accountability Office, dated August 7, 2025
- B. Letter from the Honorable James Comer, Chairman, House Committee on Oversight and Government Reform, to the Honorable Sean Duffy, Secretary, U.S. Department of Transportation, dated August 19, 2025
- C. Potomac Partners DC, Monthly Legislative Report – July 2025
- D. Potomac Partners DC, Monthly Legislative Report – August 2025

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