



*June 19, 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 update provides a summary of President Trump's Fiscal Year 2026 Budget Request and its implications for transportation funding and policy as well as an overview of congressional efforts to revoke California's Clean Air Act waivers under the Congressional Review Act. It also includes an update on federal Fiscal Year 2026 Community Project Funding and Congressionally Directed Spending requests submitted by Orange County's congressional delegation as well as a summary of a letter of support urging expedited federal review for emergency rail stabilization funding in the City of San Clemente. Finally, a review of recent congressional hearings related to the efficiency of federal rail programs and an overview of recent nomination hearings for federal transportation agency leadership are provided.

### **Recommendation**

Receive and file as an information item.

### **Discussion**

#### **President Trump's Fiscal Year 2026 Budget Request**

On May 2, 2025, President Trump released his initial federal fiscal year (FY) 2026 budget request, outlining \$1.6 trillion in base discretionary appropriations. The U.S. Department of Transportation (USDOT) is one of the few non-defense agencies to receive a discretionary increase. The President's initial budget request includes \$26.7 billion in new discretionary funding for DOT, a 5.8 percent increase from FY 2025 enacted levels. This increase is in addition to the Infrastructure Investment and Jobs Act (IIJA's) advance appropriations and reflects growth in core discretionary accounts such as the Federal Aviation Administration operations and grant program administration. However, there is

also a proposed \$22.5 billion cut to advance appropriations previously provided under the IIJA, including a \$5 billion rescission targeting electric vehicle charging and fueling infrastructure programs such as National Electric Vehicle Infrastructure (NEVI) and Charging and Fueling Infrastructure (CFI). The budget does not specify how much of this would come from new FY 2026 funds versus unobligated prior-year balances.

USDOT Secretary Sean Duffy presented USDOT's priorities in hearings before both the House and Senate Appropriations Transportation, Housing and Urban Development Subcommittees on May 14 and May 15, respectively. In his testimony, Secretary Duffy emphasized the Administration's focus on building infrastructure, with a strong emphasis on safety, streamlining, and removing administrative requirements viewed as costly or ineffective. Secretary Duffy affirmed USDOT's intent to honor existing commitments under the Federal Transit Administration's (FTA) Capital Investment Grant (CIG). In both hearings, Secretary Duffy also highlighted plans to reduce departmental inefficiencies. He cited more than 3,200 "orphaned" project applications awaiting finalized grant agreements and pledged to implement a centralized grant dashboard to improve transparency and reduce delays across USDOT programs.

The full FY 2026 budget request, released by the White House on May 30, 2025, provided further detail on the CIG program and other modal funding levels. The Administration requested \$2.2 billion in discretionary funding for the CIG Program, and when combined with \$1.6 billion in IIJA advance appropriations, the total proposed budgetary resources for CIG reach \$3.8 billion. This includes \$1.4 billion to support three existing New Starts Full Funding Grant Agreements and \$2.4 billion for projects across the New Starts, Small Starts, Core Capacity, and Expedited Project Delivery pilot programs that may become ready for construction during FY 2026.

The May 30th release also detailed \$111.3 billion in new budgetary resources for USDOT, supplemented by \$35.8 billion in IIJA advance appropriations, bringing USDOT's total to \$147.1 billion before accounting for the Administration's proposed rescissions to IIJA advance appropriations. Significant spending proposals include:

- \$62.5 billion for the Federal Highway Administration (FHWA), including \$770 million for Nationally Significant Multimodal Freight & Highway Projects program grants and a proposed \$5 billion rescission from IIJA, the NEVI formula program, and the CFI grant program.
- \$21 billion for the FTA, including \$14.6 billion for transit formula programs (a 2.5 percent increase from FY 2025) and \$1.2 billion for Bus and Bus Facilities, including both formula and discretionary funding.

- \$16 billion for the Federal Railroad Administration (FRA) and Amtrak, supporting Consolidated Rail Infrastructure and Safety Improvements (CRISI), grade crossing elimination, the Federal-State Partnership, and Amtrak capital.
- \$4.5 billion for the Office of the Secretary, including IIJA-supported programs such as Safe Streets and Roads for All, the National Culvert Program, and the Strengthening Mobility and Revolutionizing Transportation program.

The Administration also proposed centralizing significant modal staff into the Office of the Secretary to streamline internal processes. As the appropriations process moves forward, bipartisan cooperation will likely be necessary to meet the 60-vote threshold in the Senate and achieve passage in the House, particularly given shared interest across both parties in avoiding a repeat of the FY 2025 continuing resolution. While the President's budget request is rarely enacted as proposed, it establishes the Administration's priorities and frames the terms of congressional debate.

#### Update on Congressional Review Act Process for California Clean Air Act Waivers

In May 2025, Congress voted to overturn several Environmental Protection Agency (EPA) waivers granted to California that allowed the State to enforce stricter vehicle emissions standards than the federal government. These waivers included the Advanced Clean Cars II rule, requiring all new light-duty vehicles sold in California to be zero-emission by 2035, as well as the Advanced Clean Trucks rule and the Heavy-Duty Omnibus regulation. The House passed the primary disapproval resolution, House Joint Resolution 88, with a 216–207 vote, including support from 35 Democrats. The Senate followed with a 51–44 vote, marking the first time Congress has used the Congressional Review Act (CRA) to attempt to revoke state-specific waivers under the Clean Air Act.

The legal foundation for California's authority to adopt more stringent air quality standards dates back to the 1960s. Under this authority, California has received more than 50 waivers from the EPA, with 18 other states choosing to adopt these standards, at least in part. The recent waivers approved at the end of the Biden Administration were components of California's broader climate and public health strategy, and their revocation could hinder both state-level emission reduction goals and national air quality attainment in areas relying on associated reductions.

Despite guidance from both the Government Accountability Office (GAO) and the Senate Parliamentarian that California's waivers are not "rules" under the CRA and thus not subject to congressional disapproval through that process, CRA resolutions were advanced to revoke them. The GAO reaffirmed this interpretation in early 2025, but lawmakers supporting the resolutions questioned

the timing and credibility of the GAO's findings, with some arguing that the mere act of the EPA submitting the waivers to Congress constituted grounds for CRA review. To avoid a direct override of the Parliamentarian's position, Senate supporters of revoking the waivers asserted the Senate's right to interpret the CRA's reach independently, setting a precedent that could expand the CRA's future use.

On May 23, 2025, Governor Gavin Newsom announced California's participation in a new 11-state effort to uphold clean air protections and advance the transition to affordable clean vehicles, known as the Affordable Clean Cars Coalition. Member states include Colorado, Delaware, Massachusetts, Maryland, New Jersey, New Mexico, New York, Oregon, Rhode Island, and Washington. The multistate coalition intends to coordinate efforts on regulatory approaches, promote broader access to clean vehicle options, and engage with industry stakeholders while continuing to address air quality and transportation policy objectives. California Attorney General Rob Bonta has also made clear his intent to explore legal avenues to protect the long-standing authority under the Clean Air Act, emphasizing that these waivers have never previously been challenged or revoked using the CRA and characterized the Administration's action as a departure from longstanding federal practice under the Clean Air Act. The President signed the legislation formalizing the revocation of these waivers on June 11, 2025. Staff continues to monitor these developments for their potential impact on California's regulatory authority and any Clean Air Act waivers that may be relevant to OCTA.

#### Community Project Funding/Congressionally Directed Spending Requests

Similar to what occurred in previous appropriations processes, members of Congress have again solicited earmark requests for federal FY 2026. For context, the House of Representatives uses the term, "community project funding" (CPF), while the Senate uses "congressionally directed spending" (CDS). Both are colloquially known as earmarks and can be defined as any CDS, tax benefit, or tariff benefit that would benefit an entity or a specific state, locality, or congressional district. CPF and CDS are similar to the previous earmark process, but with added transparency and accountability rules to ensure the funding is being used for its intended purposes, supported by the community, and can be used on a project or program in a timely manner.

This year, OCTA has been actively engaged with the Orange County delegation members to submit requests for a variety of multimodal projects. Because Congress enacted a full-year continuing resolution for FY 2025, it did not include any previously approved earmarks. As a result, some members of Congress have indicated a preference that agencies resubmit prior-year requests as part of the FY 2026 appropriations process. The following projects have been submitted for consideration in the FY 2026 appropriations package by members:

- \$4 million for the Interstate 5 (I-5) Improvement Project [Interstate 405 to State Route 55 (SR-55)], by Representative Young Kim (R-CA). This was the same request made by Representative Kim for the project in FY 2025.
- \$3 million for the SR-55 Improvement Project (I-5 to State Route 91) by Representative Young Kim.
- \$3 million to support the deployment of advanced technology upgrades to signals throughout Orange County by Representative Dave Min (D-CA). This project supports the deployment of Advanced Transportation Controllers (ATC) countywide. An ATC signal controller can collect signal operational data which can provide detailed insights to make better traffic operations decisions.

This list is not yet fully comprehensive as some members are still publishing their requests and it also 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 submitted by a member for funding, this does not guarantee that the project will receive funding in the final FY 2026 appropriations bill. Staff will continue to work with the delegation members throughout the appropriations process and will provide updates to the OCTA Board of Directors.

#### Letter to the Federal Railroad Administration

On May 28, 2025, Representative Levin (D-CA) sent a letter, included as Attachment A, to the FRA in support of OCTA's efforts to access the full \$100 million awarded through the CRISI Program. The funding supports emergency stabilization work along the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor in the City of San Clemente, a critical segment of one of the busiest rail corridors in the country.

Although the grant has been awarded, access to the full funding amount is dependent on the completion of the National Environmental Policy Act (NEPA) documentation and approval of pre-award authority. Representative Levin's letter urges the FRA to expedite the environmental review process due to the emergency nature of the project and encourages the FRA to explore any opportunities to adjust the scope of the grant, if necessary, in order to preserve the full federal investment and prevent delays or potential loss of funding. Since the letter was sent, the FRA has approved the NEPA document, but final pre-award authority determination remains pending. OCTA continues to coordinate closely with the FRA and federal partners to advance the project in compliance with all federal requirements and to ensure timely implementation of the stabilization work.

### Transportation and Infrastructure Committee Member Day Hearing

The House Transportation and Infrastructure (T&I) Committee recently held its annual Member Day hearing, which provides members of Congress an opportunity to present their top transportation and infrastructure priorities directly to the Committee. This year, the focus was on outlining key priorities for the upcoming surface transportation reauthorization, as the IIJA is set to expire at the end of FY 2026.

Representative Min delivered oral testimony during the hearing, while Representative Kim and Representative J. Luis Correa (D-CA) submitted written testimony. All expressed strong support for OCTA and specifically backed its request to reinstate the formula distribution of Surface Transportation Block Grant and Congestion Mitigation and Air Quality Improvement Program funds to metropolitan planning organizations. Restoring this formula-based suballocation would ensure that the county transportation commissions, like OCTA, within the Southern California Association of Governments, receive a predictable share of these federal funds. This allows for more responsive and efficient investment in local and regional transportation priorities, especially in complex, high-growth areas like Southern California, where local governments are best positioned to direct funding based on community needs and planning goals.

In their testimony, Representative Min also highlighted the importance of protecting and restoring the LOSSAN Rail Corridor, a vital coastal rail line that supports intercity, commuter, and freight rail service across Southern California. Representative Correa, in his written testimony, emphasized the need for robust federal investment in transportation infrastructure ahead of the 2028 Olympic and Paralympic Games in the City of Los Angeles, stressing the long-term regional benefits of such support.

### Federal Nomination Hearings for Transportation Agency Leadership

On May 13 and 14, 2025, the Senate held nomination hearings for leadership roles at the FRA and FHWA, respectfully. David Fink, nominee for FRA Administrator and former President of Pan Am Railways with over 45 years in the transportation sector, emphasized his commitment to rail safety, advancing technologies, and supporting grant programs like CRISI. Senators questioned his safety record at Pan Am, but the hearing closed with bipartisan support. His nomination was advanced by the Senate Commerce Committee in a 15–13 vote.

Sean McMaster, nominee for FHWA Administrator and former Deputy Chief of Staff at the USDOT during the first Trump Administration, testified before the Senate Environment & Public Works (EPW) Committee. He highlighted priorities such as streamlining project delivery, addressing grant backlogs, and collaborating on a bipartisan surface transportation reauthorization. McMaster committed to transparency in grant funding and timely allocation of federal funds. On June 11, 2025, his nomination was confirmed by the Senate EPW Committee with a vote of 12-7.

## Summary of America Builds: Improving the Efficiency and Effectiveness of Federal Rail Assistance

On May 6, 2025, the T&I Committee held a hearing titled “*America Builds: Improving the Efficiency and Effectiveness of Federal Rail Assistance*,” examining the challenges agencies and stakeholders face when working with the FRA and federal and state departments of transportation.

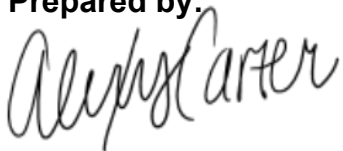
Witnesses raised concerns about inconsistent grant processes, compliance with NEPA, and the unpredictability of discretionary grant timelines. Kristin Bevil, representing the American Short Line and Regional Railroad Association, noted that the limited and inconsistent application of categorical exclusions under NEPA has delayed routine short line rail projects. She urged clarification to streamline approvals for low-impact infrastructure improvements. Matthew Dietrich of the Ohio Rail Development Commission emphasized the inefficiency and cost of the stop-and-start nature of grant funding. Suggestions for the upcoming surface transportation reauthorization bill focused on streamlining permitting and tailoring grant agreements to specific project needs. Dietrich recommended scaling grant structures to project size to improve consistency across USDOT programs. Garrett Eucalitto, Commissioner of the Connecticut DOT, speaking on behalf of the American Association of State Highway and Transportation Officials, stressed the need for predictable funding to support long-term planning and modernization of aging infrastructure. While no formal recommendations were finalized, the hearing provided a platform for discussing reforms to improve federal rail assistance and inform the next surface transportation bill.

**Summary**

This update summarizes President Trump's fiscal year 2026 Budget Request, efforts to revoke California's Clean Air Act waivers, and fiscal year 2026 funding requests submitted by Orange County's congressional delegation. It also includes information on a support letter for emergency rail funding in the City of San Clemente, recent congressional hearings on rail program efficiency, and nomination hearings for federal transportation agency leadership.

**Attachments**

- A. Letter from Mike Levin, Representative, House of Representatives, to the Honorable Drew Feely, Acting Administrator, Federal Railroad Administration, re: Letter of Support for Timely Access to Consolidated Rail Infrastructure and Safety Improvements Grant Funds for Orange County Transportation Authority Emergency Rail Work
- B. Potomac Partners DC, Monthly Legislative Report – May 2025

**Prepared by:**

Alexis Carter  
Senior Government Relations Representative,  
Government Relations  
(714) 560-5475

**Approved by:**

Kristin Jacinto  
Executive Director,  
Government Relations  
(714) 560-5754