



**April 16, 2026**

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

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**Overview**

The Orange County Transportation Authority regularly updates the Legislative Committee on policy and regulatory issues directly impacting the agency's programs, projects, and operations. This report provides a summary of President Trump's Fiscal Year 2027 Budget Request and its implications for federal transportation funding and policy. It also includes an overview of a congressional letter supporting restoration of local Surface Transportation Block Grant and Congestion Mitigation and Air Quality Improvement Program project selection authority, and a summary of recent congressional leadership changes affecting federal transportation policy.

**Recommendation**

Receive and file as an information item.

**Discussion**

**President Trump's Fiscal Year 2027 Budget**

On April 3, 2026, President Trump unveiled his fiscal year (FY) 2027 discretionary budget request as part of a broader \$2.2 trillion federal proposal, which includes \$1.5 trillion in defense spending, an increase of approximately \$445 billion, or more than 40 percent, above current levels. Within this proposal, the U.S. Department of Transportation (USDOT) is one of the few non-defense agencies to receive an increase in discretionary funding. The Administration proposes \$26.6 billion in discretionary budget authority for USDOT, an increase of \$1.6 billion, or 6.2 percent, above the FY 2026 enacted level.

While discretionary funding for USDOT increases modestly, the overall federal transportation funding picture is significantly reduced from FY 2026 levels due to the expiration of advance appropriations provided under the Infrastructure Investment and Jobs Act (IIJA). The FY 2027 budget does not propose extending these advance appropriations beyond FY 2026. As a result, total USDOT

budgetary resources are expected to decline substantially. Analysis estimates total USDOT funding would decrease from approximately \$147.5 billion in FY 2026 to \$114.1 billion in FY 2027, a reduction of \$33.3 billion, or 22.6 percent.

The FY 2027 budget request also does not include a proposal for surface transportation reauthorization after the IIJA expires on September 30, 2026, and does not address the long-term solvency of the Highway Trust Fund. However, the budget assumes a modest increase in formula-based funding, including a 2.1 percent increase in Highway Trust Fund obligation limitations, contingent on congressional action to extend current authorization law beyond FY 2026.

Significant spending proposals and program changes include:

- The budget does not extend advance appropriations provided under the IIJA, resulting in a substantial reduction in overall USDOT funding levels beginning in FY 2027.
- A 2.1 percent increase in Highway Trust Fund obligation limitations for both highway and transit formula programs above FY 2026 levels, contingent on congressional action to extend current surface transportation authorization.
- Transit formula funding increases by approximately \$300 million in FY 2027, maintaining core Federal Transit Administration (FTA) programs and resolving earlier uncertainty regarding potential reductions to formula funding.
- \$1.2 billion for the FTA Capital Investment Grants Program, a significant reduction of \$486 million from FY 2026 levels.
- \$770 million for the Infrastructure for Rebuilding America Grant Program, with a stated focus on projects that improve freight movement, reduce congestion, and support nationally and regionally significant infrastructure.
- \$300 million for the Consolidated Rail Infrastructure and Safety Improvements Program and \$100 million for the Railroad Crossing Elimination Program, representing reduced overall rail funding following the expiration of IIJA advance appropriations.
- \$713.7 million for the Bridge Formula Program, replacing a limited portion of bridge funding previously provided through IIJA.
- Elimination of several discretionary grant programs, including Rebuilding American Infrastructure with Sustainability and Equity and the National Infrastructure Project Assistance Grant Program, as well as elimination of earmark accounts included in prior appropriations bills.

- Cancellation of approximately \$4.2 billion in unobligated funding for electric vehicle charging programs, including the National Electric Vehicle Infrastructure and Charging and Fueling Infrastructure programs.
- Creation of a new \$403 million “D.C. Safe and Beautiful Fund” to support transit security, Union Station improvements, and related transportation projects in Washington, D.C.

Overall, the President’s FY 2027 budget request reflects a shift toward a more limited federal transportation program focused on highways, freight, aviation, maritime infrastructure, and selected security-related investments, while reducing or eliminating funding for several discretionary grant programs that have historically supported transit, rail, and multimodal infrastructure. As with prior years, the President’s budget request is unlikely to be enacted exactly as proposed, but it establishes the Administration’s priorities and will help frame congressional appropriations and reauthorization discussions in FY 2027.

Congressional Letter Supporting Restoration of Local Surface Transportation Block Grant (STBG) Program and Congestion Management and Air Quality (CMAQ) Improvement Program project selection authority.

As has previously been reported to this Committee, OCTA, in coordination with regional transportation partners, continues to advance a targeted legislative proposal as part of surface transportation reauthorization to restore local project selection authority for STBG and CMAQ program funds within the Southern California Association of Governments (SCAG) region. This effort seeks to reinstate the long-standing, population-based suballocation framework that was in place for more than three decades prior to a 2021 federal corrective action that centralized project selection authority at the metropolitan planning organization (MPO) level.

Building on prior advocacy efforts, on March 23, 2026, members of the Southern California congressional delegation transmitted a bipartisan letter to the leadership of the House Transportation and Infrastructure (T&I) Committee in support of this proposal. The letter, signed by members of the Orange County delegation, including Representative Lou Correa (D-CA), Representative Young Kim (R-CA), Representative Dave Min (D-CA), and Representative Mike Levin (D-CA), along with additional members of the Southern California delegation, urges inclusion of legislative language in the upcoming surface transportation reauthorization bill to restore local STBG and CMAQ suballocation authority.

The letter reiterates that California’s previous framework, under which STBG and CMAQ funds were distributed by population to county transportation commissions, enabled local agencies to efficiently plan and deliver projects tailored to their communities while ensuring accountability and timely use of federal funds. It further notes that the 2021 change has disrupted long-range

planning, delayed project delivery, and reduced local responsiveness in large and complex regions such as SCAG.

Consistent with prior proposals, the delegation supports a narrowly tailored amendment applicable to metropolitan planning areas with populations exceeding ten million in states with codified distribution formulas. Under this approach, county transportation commissions would resume responsibility for project selection, while MPOs would retain oversight and final approval of the regional transportation improvement program. The letter emphasizes that restoring this structure would improve efficiency, reduce administrative burden, and accelerate delivery of critical transportation projects.

#### Congressional Transportation Leadership Update

The House T&I Committee Chair Sam Graves (R-MO) has announced he will retire at the conclusion of the 119th Congress, concluding more than 25 years of service in the U.S. House of Representatives. First elected in 2000, Rep. Graves has represented Missouri's 6th District since 2001 and has served in senior leadership on the T&I Committee since 2019, including as Chair since 2023. Throughout his tenure, he has worked across administrations and with members of both parties to advance major transportation and infrastructure initiatives, including surface transportation reauthorization, aviation safety, and federal infrastructure investment. He previously chaired the House Small Business Committee and several T&I subcommittees, and has been recognized for legislative effectiveness and a collaborative approach to policymaking. His retirement comes amid a broader period of congressional transition and will mark a change in leadership for one of the primary committees overseeing federal transportation policy.

**Summary**

Information is provided on President Trump's Fiscal Year 2027 Budget Request and its implications for federal transportation funding, and recent congressional actions related to restoring local STBG and CMAQ project selection authority. Also included is an update on congressional transportation leadership changes.

**Attachments**

- A. Letter from Ken Calvert, Representative, House of Representatives, J. Luis Correa, Representative, House of Representatives, and others, to Sam Graves, Chairman, House Transportation and Infrastructure Committee and Rick Larsen, Ranking Member, House Transportation and Infrastructure Committee, dated March 23, 2026, re: Support Requested: Proposal to Reinstate Local Surface Transportation Block Grant and Congestion Mitigation and Air Quality Regional Allocation Authority
- B. Potomac Partners DC, Monthly Legislative Report – March 2026

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