



## Monthly Legislative Report – July 2025

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### Advocacy Meetings

**Office of Chairman Sam Graves (R-MO)** – We met with Chairman Graves' Chief of Staff, now serving as the staff director of the House Transportation and Infrastructure (T&I) Committee, to brief him on Orange County Transportation Authority's (OCTA) priorities for restoring local suballocation authority for Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs. We also discussed the potential opportunity to reallocate California High-Speed Rail funding to support other critical transportation needs in the state.

**T&I Subcommittee on Highways and Transit Chair David Rouzer (R-NC)** – We spoke several times this month with Congressman Rouzer's Chief of Staff to prepare for the Chairman's upcoming visit to Orange County in August. We briefed Chairman Rouzer on OCTA's surface transportation reauthorization principles, highlighting the agency's priorities around project delivery, funding flexibility, and regional infrastructure needs. We also coordinated plans for the visit, including opportunities for the Chairman to tour key transportation projects in Orange County and see firsthand how federal programs are supporting local infrastructure.

**Federal Highway Administration (FHWA) Office of Policy and Government Affairs** – We followed up on FHWA's recent solicitation of stakeholder input regarding potential reauthorization principles, and we shared OCTA's proposed language for suballocation authority for STBG and CMAQ funds to ensure our priorities are reflected in their communications with Congress. We also emphasized the importance of recognizing self-help counties in future formula funding frameworks. FHWA staff welcomed continued engagement as their internal policy development moves forward.

**Federal Railroad Administration (FRA) Senior Advisor** – We followed up with the FRA Senior Advisor to discuss the OCTA's request to adjust the federal cost share for its Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant supporting the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor. In addition, we followed up on the potential reallocation of California High-Speed Rail funding.

**Office of Senator Padilla (D-CA)** – We met virtually with Senator Padilla's new transportation legislative assistant to provide an overview of OCTA's federal priorities. The discussion covered OCTA's rail and express lanes programs, our principles for the upcoming surface transportation reauthorization to include the importance of reinstating local suballocation authority for the STBG and CMAQ programs. We also shared the June 26 letter from Orange County congressional members supporting this legislative fix. The meeting provided an opportunity to brief the Senator's office on OCTA's ongoing work along the LOSSAN Corridor and our broader regional infrastructure needs.

**Office of Congressman Lou Correa (D-CA)** – We met with Congressman Correa’s staff to follow up on OCTA’s appropriations requests and discuss our surface transportation reauthorization principles. We also reviewed funding needs related to the FY26 Appropriations bill for Olympics-related transportation funding.

**Office of Congressman David Min (D-CA)** – We met with Congressman Min’s staff to follow up on OCTA’s FY26 Community Project Funding (CPF) request for the *Technology and Signal Upgrades Project*. Additionally, we provided an update on stabilization and emergency repair efforts along the LOSSAN Rail Corridor.

**Office of Congresswoman Young Kim (R-CA)** – We met with Congresswoman Kim’s staff to discuss OCTA’s FY26 appropriations requests and followed up on related outreach with the House Appropriations Committee. We also continued discussions on OCTA’s surface transportation reauthorization priorities. In addition, we discussed H.R. 1, the One Big Beautiful Bill, and its implications for infrastructure development and security funding for the Olympics.

**Office of Congressman Derek Tran (D-CA)** – We followed up with Congressman Tran’s staff on the FY26 Appropriations CPF request for the State Route 57 (SR-57) Improvement Project. We also discussed Olympic-related transportation funding needs for Orange County and continued our dialogue on OCTA’s surface transportation reauthorization priorities, including follow-up on proposed language to restore local suballocation authority for Surface STBG and CMAQ program funds.

**Office of Congressman Mike Levin (D-CA)** – We met with Congressman Levin’s staff to follow up on emergency repair work along the LOSSAN Rail Corridor and continue providing updates on coordination with the FRA regarding the CRISI grant. We continued discussions on OCTA’s surface transportation reauthorization principles, including the reinstatement of local suballocation authority for STBG and CMAQ funds. Additionally, we discussed FY26 appropriations issues, including OCTA’s Interstate 5 Improvement Project, as well as Olympics-related transportation funding for the region.

**Office of Congressman Pete Aguilar (D-CA)** – We met with Congressman Aguilar’s staff to discuss OCTA’s request for restoring local suballocation authority for the STBG and CMAQ programs in the upcoming surface transportation reauthorization bill. We also followed up on the THUD Appropriations Subcommittee’s July markup and discussed opportunities to address potential Olympic-related transportation funding needs within the bill.

**House T&I Subcommittee on Railroads, Majority Staff** – We met with the new Staff Director for the House Subcommittee on Railroads, Pipelines, and Hazardous Materials to discuss progress on the rail title in the upcoming surface transportation reauthorization. We also briefed the new staff director on ongoing issues affecting the LOSSAN Corridor. The discussion focused on the CRISI program, emphasizing the need for greater flexibility to fund emergency repairs along LOSSAN.

## **FY26 Appropriations Update**

Progress on FY26 appropriations slowed in July following procedural disruptions in the House. Speaker Mike Johnson sent members home for the August recess on July 23<sup>rd</sup>, following a series of failed procedural votes earlier in the week, which delayed floor action on several appropriations bills and other full committee markups, including the Commerce, Justice, Science (CJS) bill.

Before recess, the House Appropriations Committee did advance the Interior, Environment, and Related Agencies bill, which proposes steep reductions across multiple agencies. The measure would cut the Environmental Protection Agency's (EPA) budget by 23%, following the EPA's announcement of reductions in force (RIFs) affecting the Office of Research and Development. The House Appropriations Committee also advanced the Financial Services and National Security-State bills, but still lacks topline allocations for eight of the twelve appropriations measures.

Regarding transportation funding, key progress was made on the THUD bill. On July 17<sup>th</sup>, the Committee approved the FY26 THUD Appropriations Act by a 35–28 vote. Subcommittee Chairman Steve Womack (R-AR) highlighted that the bill “right-sizes funding levels,” adds \$2 billion for the Federal Aviation Administration (FAA) to hire 2,500 new air traffic controllers, modernizes air traffic control infrastructure, addresses the national truck parking shortage, and cuts overall discretionary spending by 5%. Committee Chairman Tom Cole (R-OK) emphasized that the measure “builds America’s future” by funding highways, rail, airports, and maritime infrastructure while prioritizing fiscal discipline and eliminating “wasteful and duplicative initiatives.” The bill provides \$89.910 billion in total discretionary funding, \$4.458 billion (4.7%) below FY25 levels, with \$3.8 billion more than FY25 for highways, rail, airports, and maritime infrastructure, offset by \$9.4 billion in program eliminations, rescissions, and repurposing.

Key amendments adopted during the markup include:

- A prohibition on implementing congestion pricing in New York City (Rep. LaLota).
- Support for the Regional Infrastructure Accelerator program to fast-track major projects (Rep. Torres).
- A new UAS exclusion zone along the U.S.-Mexico border to counter cartel threats (Rep. Cuellar).

On the Senate side, appropriators are pursuing a minibus strategy combining the Agriculture-FDA, CJS, and Military Construction-VA bills into a roughly \$260 billion package. Senate Appropriations Chair Susan Collins (R-ME) reported “good progress” in resolving objections, though Senators Rand Paul (R-KY) and Josh Hawley (R-MO) at the time of this report still have holds, and Democrats remain divided over FBI headquarters funding and other provisions. With recess approaching, passage of the minibus before the break remains uncertain. The Senate Appropriations Committee has also marked up its THUD and Interior-Environment bills, which maintain or modestly increase funding levels relative to FY25.

The Administration's FY26 budget request proposes \$1.45 trillion in discretionary funding, about \$150 billion below FY25, which if adopted would force a 30% reduction across the remaining bills. Within THUD, the Department of Transportation (USDOT) fares relatively well with a gross request of \$27.1 billion, though this includes \$1.6 billion in rescissions targeting the Charging and Refueling Corridor and National Electric Vehicle Infrastructure (NEVI) programs. In contrast, HUD funding drops sharply from \$68.7 billion in FY25 to \$41.7 billion in FY26.

Office of Management Budget (OMB) Director Russ Vought continues to push for "pocket rescissions," which would allow rescission requests to take effect if Congress fails to act within 45 days, raising concerns for discretionary grant programs with unobligated balances, including CRISI and Low-No Emission Bus programs if future rescission packages are proposed.

Given the delays, it remains highly unlikely all 12 bills will be enacted by September 30<sup>th</sup>. A Continuing Resolution (CR), likely excluding Community Project Funding, appears inevitable. Passage of the Senate's three-bill minibuss would give negotiators a head start on bicameral talks, though objections in the Senate must be resolved. We are also closely monitoring for future rescissions, which may target unspent balances in transportation and environmental infrastructure accounts. In summary, we will continue tracking appropriations progress, rescissions, and CR planning, as well as implications for OCTA priorities, including our CPF requests, as negotiations advance.

### **Surface Transportation Reauthorization Update**

More progress was made in Congress on the next surface transportation reauthorization, with the current Infrastructure Investment and Jobs Act (IIJA) set to expire on September 30, 2026. On July 17<sup>th</sup>, USDOT Secretary Sean Duffy addressed an infrastructure stakeholders' conference, formally launching the Administration's reauthorization push. In his remarks, Secretary Duffy underscored the Administration's priorities, emphasizing the need to accelerate environmental reviews and permitting, including reforms to the National Environmental Policy Act (NEPA), advance congestion relief, update regulations for autonomous vehicles, and increase investment in bridges and highways.

In the House, the T&I Committee, led by Chairman Sam Graves (R-MO) and Ranking Member Rick Larsen (D-WA), has been conducting staff-level briefings and informal stakeholder meetings in preparation for drafting the next reauthorization bill. Committee leadership has stressed the importance of passing a bipartisan bill well ahead of the 2026 deadline to provide states, metropolitan planning organizations, and local agencies with long-term funding certainty and planning stability. Discussions centered around strengthening the Highway Trust Fund, rebalancing core formula programs such as STBG and CMAQ programs to emphasize highway and bridge investment, and pursuing project delivery reforms to reduce permitting timelines and federal administrative burdens. Chairman Graves has also outlined a "back to basics" framework for reauthorization,

focusing on returning funding to core transportation assets and supplementing the gas tax with new user fees for electric and hybrid vehicles to help stabilize the Highway Trust Fund.

In the Senate, the Environment and Public Works (EPW) Committee has begun conducting listening sessions with stakeholders and Senators to identify bipartisan priorities for the next authorization. Themes emerging from these discussions include improving resilience, advancing rural connectivity, addressing aging infrastructure, and preserving existing assets. EPW leaders have indicated that they intend to begin formal hearings later this summer or early fall, with the goal of developing legislative text in 2026.

On July 16<sup>th</sup>, USDOT published a Request for Information (RFI) in the Federal Register seeking public comment on the upcoming reauthorization. Comments are due by August 20, 2025. Through this RFI, USDOT is asking states, local governments, transportation agencies, and other stakeholders to provide input on ways to improve safety, accelerate project delivery, promote economic growth, and strengthen federal partnerships. This request signals USDOT's intent to incorporate broad public feedback into its legislative priorities and offers a key opportunity for stakeholders to influence the development of the next surface transportation reauthorization bill.

Taken together, these developments mark a clear ramp-up toward a comprehensive reauthorization process that will shape federal transportation investment for the next five years. During the August recess, we will continue to engage with both the Administration and congressional committees as discussions continue, ensuring that priorities such as restoring local suballocation authority for STBG and CMAQ programs, advancing project delivery reforms, and maintaining flexible formula funding remain central to the debate.

### **House T&I and Senate EPW Committee Hearings**

On July 16<sup>th</sup>, two major hearings underscored the central role of the upcoming surface transportation reauthorization in shaping federal transportation policy and investment.

The Senate EPW Committee held its second hearing in the “Constructing the Surface Transportation Reauthorization Bill” series, titled “*Stakeholders’ Perspectives*.” Witnesses included North Dakota Governor Kelly Armstrong, Husco International CEO Austin Ramirez, and Phoenix Mayor Kate Gallego, who offered a broad view of reauthorization priorities from state, industry, and municipal perspectives.

The hearing highlighted the need for long-term funding stability, enhanced state and local flexibility, and streamlined project delivery. Governor Armstrong strongly advocated for expanding states’ authority to transfer federal formula funds across programs, endorsing a bipartisan proposal from Senators Cramer (R-ND) and Alsobrooks (D-MD) to increase the current 50% transfer cap to 75%. Mayor Gallego emphasized the importance of discretionary grant programs, such as Safe Streets for All and the Reconnecting Communities Program, as essential tools for cities seeking innovative transportation solutions, while Ramirez focused on technology investments to maintain U.S. competitiveness, urging continued support for EV infrastructure, clean transit, and AI-driven

traffic management. Senators raised issues ranging from Alaska's inadequate roadway network for resource development to the need for updated formula distribution criteria to reflect modern transportation demands.

Project delivery was a central theme, with witnesses calling for enforceable permitting deadlines, expedited judicial review, and expanded categorical exclusions under NEPA to accelerate infrastructure deployment. However, Democrats on the committee, led by Ranking Member Sheldon Whitehouse (D-RI), voiced concerns about ensuring fair implementation of any new law, warning that bipartisan cooperation hinges on the Administration's adherence to statutory intent. This tension between speeding project delivery and safeguarding regulatory oversight emerged as a core fault line likely to shape negotiations going forward.

On the House side, the T&I Committee held an oversight hearing on USDOT's policies and FY26 budget request, featuring testimony from Secretary Sean Duffy. Duffy defended the Administration's priorities amid criticism over workforce reductions, delays in grant delivery, and the withdrawal or "rescoping" of previously awarded funds. Members on both sides pressed the

Secretary on a range of topics:

- Aviation safety and air traffic control modernization, considering recent high-profile incidents, with Duffy calling for an additional \$19 billion in air traffic control (ATC) upgrades beyond the \$12.5 billion already appropriated.
- Surface transportation project delivery, with lawmakers urging faster permitting and expanded support for truck parking, rural connectivity, and rail safety.
- Grant distribution and rescissions, as Ranking Member Rick Larsen (D-WA) criticized DOT for withholding 1,300 previously approved grants and proposed cuts to EV charging infrastructure funding.
- Policy priorities, with contentious exchanges over equity considerations in grants, "Buy America" enforcement, and discretionary funding criteria.

Secretary Duffy defended the Administration's deregulatory approach, promising greater flexibility for states and local agencies, while maintaining that safety remains the USDOT's top priority. He pledged to clear the remaining backlog of Biden-era grant applications by early fall and to prioritize projects delivering "real, measurable benefits."

The two hearings collectively underscored the bipartisan urgency to modernize infrastructure, improve project delivery, and provide states and localities with greater funding flexibility, while exposing deep divisions over regulatory reform, equity considerations, and the Administration's handling of previously appropriated funds. The proceedings also reinforced the central role the reauthorization bill will play in reshaping federal transportation policy, with both chambers signaling that negotiations will balance speed, safety, and oversight as they craft legislation to succeed IIJA.

### **USDOT Announces Nationwide Roadway Safety Initiative**

On July 1<sup>st</sup>, in a letter to every governor, Secretary Duffy asked that their states participate in the FHWA Safe Arterials for Everyone through Reliable Operations and Distraction-Reducing Strategies (SAFE ROADS) initiative. The program targets non-freeway arterial roads where more than half of U.S. roadway deaths occur. The full letter is available [here](#). More information is available [here](#).

### **USDOT Aims to Remove Financing Policy Roadblock**

On July 7<sup>th</sup>, USDOT announced a policy update that aims to allow all types of transportation infrastructure projects to finance up to 49 percent of eligible costs as authorized by the Transportation Infrastructure Finance and Innovation Act (TIFIA) program. Due to a long-standing DOT policy, only limited kinds of projects could finance up to 49 percent, while most were capped at up to 33 percent, presenting a roadblock for many project sponsors seeking to build critical infrastructure. More information is available [here](#).

### **Secretary Duffy Announces First Better Utilizing Investments to Leverage Development (BUILD) Grants of Trump's Second Term**

On July 15<sup>th</sup>, U.S. Transportation Secretary Sean Duffy announced the selection of 30 projects to receive \$488 million under the BUILD program (formerly RAISE/TIGER). Duffy emphasized the Administration's goal to "move quickly to get money out the door" and focus on infrastructure that boosts safety, economic growth, and competitiveness. A comprehensive link to the spreadsheet featuring all awarded projects from 2009 to the present is available [here](#). More information is available [here](#).

Compared to the Biden Administration's January 2025 awards, which spread \$1.32 billion across 109 projects, the Trump's DOT awarded fewer, larger grants, with an average size of \$16.3 million and a median of \$21.2 million. Five projects received the program's maximum \$25 million award.

The project mix reflects a sharp policy shift: 77% of funds went to roads and bridges, compared to 51% in the previous round, while bike/pedestrian projects received no funding (down from 20% under Biden). Transit and rail also saw reduced allocations, with increased emphasis on ports and airport access projects.