



# The Federal Landscape: Key Legislative Updates for Municipal Leaders

Room 109





# Federal Funding Impact on Local Governments

Irma Esparza Diggs  
Senior Executive and Director of Federal Advocacy



# State of Play

In November 2025, Congress passed a continuing resolution with many one-year or short-term extensions and a set of targeted program provisions.

This includes three 2026 appropriations bills which cover Veterans Affairs, Ag-Rural Development-FDA, and Legislative Affairs.

## WHAT'S NEXT:

 NLC working with agency officials on procuring more guidance for impacted programs and developing educational materials to help local governments prepare for the timeframe.

 Three-Bill minibus passed the House which includes: Commerce; Energy; and Interior-Environment

 Remaining bills still in negotiations: Financial Services; Homeland Security; National Security; Labor-HHS-Education, Transportation-HUD; State, Foreign Operation



## Planning Challenges

Uncertainty beyond January 30 complicates local budgeting and long-term planning.



## Mandatory Programs Continue

Programs like Medicaid and SNAP remain funded at necessary levels.



## Funding Stability

No new growth until Jan 30, 2026; existing programs continue at FY 2025 levels.



## Restricted Spending

Limited flexibility for grants and project initiation; agencies must spend conservatively.





# Road to Housing Act



## **Bipartisan Senate Support**

Senators Warren and Scott led on the development and passage of S. 2651



## **Improving Housing Opportunity**

Gives communities, builders and lenders more tools and supports necessary to build more homes, decrease costs and open the door to housing opportunity nationwide.



## **Roadblock in the House**

House Financial Services Committee Chair, Rep. French Hill (R-AR) proposed an alternative package (H.R. 6644) to improve housing opportunity.



## **Reconciling Key Differences**

Negotiations are ongoing on regulatory streamlining mechanisms to build support among the conference before sending back to the Senate. NLC continues to champion provisions that give local governments greater flexibility with existing housing program funds.



# Transportation Reauthorization



## Transportation Programs Expire 9/30

Over 50 communities in MA have been obligated (Infrastructure Investment and Jobs Act) IIJA funds to support 100 different projects.



## Transformative Program Funds in Danger

Key leaders in House and Senate indicating they may scale back the next bill. Both chambers eyeing a release of text this Spring.



## Building Strong Coalitions

NLC has partnered with a coalition of local and regional transportation organizations to rally support for strong proposals that will strengthen local access to federal transportation funding.



## Share Your Story

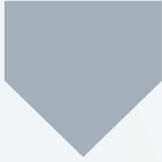
Meet with your Representative and Senators ASAP to ensure they know your area's transportation needs and share a common message:

**“** *The federal government should partner with local and regional transportation organizations to deliver priority transportation projects.* **”**



 **Increase the most flexible transportation program – the Surface Transportation Block Grant (STBG) formula program**

 **Invest in locally owned bridges in poor condition**

 **Keep investing in road safety**

 **Affirm local project selection processes in the regions are respected.**

 **Support planning funds**



# Water Infrastructure



## State Revolving Funds Expire 9/30

Funding levels authorized from IIJA are at their highest levels from all 5 years but critical to maintain level or increase funding to account for inflation in reauthorization.



## Water Resources and Development Act

Submit project and funding authorization requests to Senators ahead of their submissions for consideration to EPW Committee by Feb. 6<sup>th</sup>



## PFAS Municipal Liability Protection

NLC seeking a narrow exception from Congress so that municipal drinking water, wastewater and stormwater utilities and landfills are not held liable for contamination that they neither caused nor contributed to.



## Take Action

Let your Member of Congress know your water infrastructure and surface transportation funding needs.

# Legal Advocacy Updates

NLC filed amicus briefs in 8 Supreme Court cases and three non-Supreme Court Merits cases in collaboration with IMLA and NACo and continues to educate local officials.



NLC Executive Action Tracker								
OVERTURNED               NOT IN EFFECT               IN EFFECT               UPHELD               PENDING LEGAL CHALLENGES               AWAITING NLC ANALYSIS               CLEAR								
Topics: <input type="text" value="All"/>			Federal Agencies of Jurisdiction: <input type="text" value="All"/>					
ACTION	EA LINK	DATE ISSUED	TOPICS	SUMMARY OF IMPACT ON LOCAL GOVERNMENTS	FEDERAL AGENCIES OF JURISDICTION	STATUS	FACT SHEET LINK	
Improving Oversight of Federal Grantmaking		8/7/2025	Government Contracts, Federal Management & Administration	<p>The Improving Oversight of Federal Grantmaking Executive Order asserts authority to partially or fully terminate grants already in process. The order adds additional steps to review new funding announcements and potential awards to ensure they are consistent with Administration priorities and the national interest. Discretionary awards will be reviewed on an annual basis to ensure substantial basis. Until the new process is in place, agencies are prohibited from issuing new funding opportunities without prior approval from the administratively appointed contact at each agency, except as required by law.</p> <p>The order also updates the Uniform Guidance, which governs all federal grants, with the stated intent of streamlining application requirements. It would also require that all discretionary grants permit termination at the Administration's discretion, rather than only in cases where an applicant mismanages funds.</p>				
Ending Crime and Disorder on America's Streets		7/24/2025	Housing, Public Health & Safety	<p>The Ending Crime and Disorder on America's Streets Executive Order directs agency heads to assess discretionary grant funding and consider prioritizing jurisdiction based on criteria related to vagrancy crime enforcement. These include enforcement of prohibitions on open illicit</p>				

<https://www.nlc.org/resource/presidential-actions-summary-impact-to-local-governments/>

# Federal Impacts on State Budget Cycle:

## How Local Governments Can Position Themselves to Make Effective State Budget

-  1. Start with the Federal Landscape: Define Pressures Clearly
-  2. Translate Federal Instability Into State Budget “Asks”
-  3. Use Local Data Paired With Federal Realities
-  4. Frame State Investments as Protecting Local and Statewide Economic Stability
-  5. Engage Early and Show Up With Solutions, Not Just Problems
-  6. Coordinate Messaging Across Cities and Towns

# NLC's Federal Advocacy Team



**Irma Esparza Diggs**  
Senior Executive and  
Director **(All)**  
diggs@nlc.org



**Archana Sridhar**  
Grassroots Advocacy  
sridhar@nlc.org



**Carolyn Berndt**  
Energy, Environment  
and Natural Resources  
**(EENR)**  
berndt@nlc.org



**Brittney Kohler**  
Transportation and  
Infrastructure Services  
**(TIS)**  
kohler@nlc.org



**Dante Moreno**  
Finance, Administration &  
Intergovernmental  
Relations **(FAIR)**  
moreno@nlc.org



**Stephanie Martinez-  
Ruckman**  
Human Development **(HD)**  
martinez-  
ruckman@nlc.org



**Yucel (U-Jel) Ors**  
Public Safety and Crime  
Prevention **(PSCP)**  
ors@nlc.org



**Angelina Panettieri**  
Information, Technology  
and Communications  
**(ITC)**  
panettieri@nlc.org



**Michael Wallace**  
Community and  
Economic Development  
**(CED)**  
wallace@nlc.org



**Patrick Rochford**  
Legislative Research  
Manager  
rochford@nlc.org



**Dion Taylor**  
Federal Advocacy  
Specialist  
taylor@nlc.org



# CONGRESSIONAL CITY CONFERENCE

★ **March**  
**16-18**  
**2026** ★

★ EXECUTIVE EDUCATION & PRE-CONFERENCE ACTIVITIES: MARCH 14-15 ★ **WASHINGTON, DC**



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