



Government Shutdown Ends, Focus Back on Appropriations. On November 12, the longest shutdown in history came to an end when President Trump signed legislation that would fund the government through January 30, 2026, and provide full-year appropriations bills for Agriculture, Military Construction/Veterans Administration, and the Legislative Branch. This leaves Congress with a little over two months to complete work on the remaining nine FY 2026 spending bills or risk another shutdown at the end of January. Appropriators are wasting no time getting work in the hope of reaching an agreement on the first bill package that could be brought before the House and Senate. The Chairman and Ranking Members of the House and Senate appropriations package are currently negotiating allocation levels for each of the remaining bills. The goal is to package at least three to four bills together in one “minibus” bill before the end of the calendar year. The most likely bills to be included in the initial package include Transportation/HUD, Interior/Environment, and Commerce/Justice/Science. It is worth noting that these three bills (along with the Agriculture Appropriations bill passed already) include nearly all of the community projects funded by the House of Representatives. Any local government, university, community college, or nonprofit organization that had a project included in the House version of a spending bill could see it funded as early as the end of the calendar year. Of course, nothing is certain until an agreement is reached between Congressional Democrats and Republicans, along with the White House. While talks currently seem productive, if negotiations were to break down before an agreement is reached, on January 30 we would find ourselves right back in the same situation that caused the 43-day shutdown.

Surface Transportation Talks Return. Upon returning from the shutdown, lawmakers are refocusing on the September 30, 2026, deadline to reauthorize a surface transportation bill. The Committees of jurisdiction are expected to resume hearings on the legislative proposal over the coming months, as transportation policymakers aim to release the bill text in the spring. House Transportation and Infrastructure Committee Chair Graves (R-MO-6) and Ranking Member Larsen (D-WA-2) have already held a handful of hearings and agree on crafting a ‘back to basics’ bill. The package may include language to reauthorize popular and expiring programs, such as the Safe Streets and Roads for All (SS4A), as well as ambitious reforms to expedite infrastructure permitting and protect the solvency of the Highway Trust Fund (HTF). On November 20, the House Natural Resources Committee approved the SPEED Act as the first bipartisan proposal to overhaul permitting reviews by limiting their scope and restraining legal challenges under the National Environmental Policy Act (NEPA). When the White House resurrected a 2018 proposal to eliminate the Mass Transit Account to save the HTF, Graves downplayed the suggestion. Instead, he is keen to revisit an annual electric and hybrid vehicle registration fee for the HTF after it was dropped from the One Big Beautiful Bill Act reconciliation package. In the Senate, the Commerce, Science, and Transportation Committee scheduled a January 14 hearing with executives from Ford, GM, Stellantis, and Tesla to explore their views on the surface transportation reauthorization. The hearing will likely focus on

political disagreements over the Transportation Department's fuel economy regulations and government incentives for alternative energy and vehicles. Those dynamics in an election year plus the shared deadline with FY2027 government funding present the largest hurdles to overcome the 60-vote threshold to pass a surface transportation reauthorization next year. SEMCOG consistently engages with relevant lawmakers to advocate for the region's priorities to be present in any final bill.

Postsecondary Workforce Programs Shift to Labor. On November 18, the Department of Education announced it would shift some Office of Postsecondary Education program responsibilities to the Department of Labor (DOL) as part of its initiative to close the Department. The larger announcement includes six total new interagency partnerships, also shifting responsibilities over the Elementary and Secondary programs to DOL, Indian Education to the Department of Interior, International Education to the Department of State, and Foreign Medical Education Accreditation and Child Care Access programs to the Department of Health and Human Services. The Postsecondary Education Partnership includes programs under Title III, Undergraduate Readiness (GEAR UP), Graduate Assistance (GAANN), Students with Intellectual Disabilities (TPSID), Postsecondary Education Improvement Fund (FIPSE) and, most notably, TRIO with numerous subprograms such as Upward Bound, McNair Scholars, Opportunity Centers, and training programs. These developments build on similar partnerships announced in July, shifting Office of Career, Technical, and Adult Education (OCTAE) programs to DOL and student loan programs to the Department of Treasury. Tangibly, the partnerships shifted staff and grant administration responsibilities to the DOL, while OCTAE continues to comply with statutes by overseeing and managing the programs. In its November announcement, the Department highlighted that, since October 1, OCTAE has processed nearly 500 payment requests and has onboarded all grantees to DOL's grant administration services.

Mental Health Hitches to Healthcare Momentum. At the center of the government shutdown, Senate Democrats withheld their support for a government funding bill unless Republicans agreed to reauthorize the Affordable Care Act (ACA) premium tax credits, which started in 2019, before the year-end deadline. The ACA credits apply to mental health and substance disorder services because they are included in the ACA's essential health benefits list. As part of the deal to reopen the government, Senate Republican leadership agreed to hold a vote on a bill reauthorizing the ACA premium tax credits in December. Many Republicans, including the President at first, staked out the position that tax-advantaged Health Savings Accounts, commonly used for mental health services, should cover the full cost of the expiring credits. Democrats called for a clean three-year reauthorization. But, aided by the newfound national spotlight on healthcare, lawmakers in both chambers and both parties are pursuing a compromise. For example, the House Problem Solvers Caucus released their Bipartisan HOPE Act, which would be a two-year extension of the ACA credits with additional income limits, measures to combat fraud, and an extension of the open enrollment period to May 2026. Furthermore, President Trump postponed an November 24 announcement on a healthcare plan to reauthorize ACA credits, which is now expected over the coming weeks. Also benefiting from the deal to open the government, the CR text mandated that 140 staffers from the Substance Abuse and Mental Health Services Administration (SAMHSA) be rehired and barred any additional Reductions in Force (RIF) until January 30, the next government funding deadline.

The Administration had already cut SAMHSA by half, launched a plan to consolidate its functions with other HHS offices into the Administration for a Healthy America, and proposed to Congress that it combine SAMHSA grants with others to create a Make America Healthy Again (MAHA) block grant. Congress is unlikely to take up this proposal, as they are expected to introduce a compromised Labor, Health and Human Services, and Education (LHHSE) Appropriations bill in the coming weeks. Despite personnel cuts, SAMHSA issued guidance to states on grant programs with treatment requirements in July and released more than \$45 million to support young adult sober housing services in September. As healthcare and, by consequence, mental healthcare continue to be part of the national conversation heading into an election year, these dynamics alongside the implementation of the One Big Beautiful Bill Act's Medicaid work requirements, fraud prevention enforcement, and increased provider tax—preliminary guidance already released on November 14—will be front and center.

EPA and Army Corps Propose New “Waters of the U.S.” Rule. On November 18, the Environmental Protection Agency and the Army Corps of Engineers announced a proposed rule that would clarify the definition of “waters of the United States” or ‘WOTUS.’ The definition of WOTUS influences Clean Water Act implementation, including whether farmers, landowners, and American businesses must secure permits before they can pursue projects that might impact surface water quality. The rule has seen several iterations over the last decade as different administrations attempted to define which waters are protected under the Clean Water Act. President Obama expanded the rule in 2015 to incorporate more protected waters than ever before. It faced significant legal challenges for being overly broad and was never enacted. President Trump issued a rewrite of the rule in 2020 that was criticized for reducing the number of protected waters even further than what was protected prior to the 2015 rule. In 2023, President Biden published a new rule to replace the 2020 rule. That same year, the U.S. Supreme Court issued a unanimous ruling clarifying that federal protection extends only to wetlands that have a continuous surface connection to a relatively permanent body of water like a lake, river, or stream. The latest proposal is intended to adhere to the Supreme Court decision. It excludes groundwater and also would not automatically provide protections to interstate waters. It would also not include protections for ephemeral streams. EPA solicited feedback in March with comments due in April to guide its drafting of the rule. The proposed rule is open for a 45-day public comment period ending January 5.

Senate Committee Holds Hearing on PFAS Cleanup and Disposal. On November 19, the Senate Committee on Environment and Public Works held a hearing to examine policy options governing the cleanup and disposal of PFAS. At the hearing, Committee Chair Shelley Moore Capito (R-WV) directly addressed the issue of “passive receivers” when it comes to PFAS contamination and cleanup liability. Passive receivers are entities that unintentionally receive, rather than manufacture PFAS contamination through their operations. These include public services like drinking water and wastewater systems, landfills, and airports, which are often considered “passive” because they are exposed to PFAS from other sources. Chair Capito stated, “Liability issues must be addressed both by EPA, with clearer guidance, and by lawmakers on Capitol Hill...Congress must come together to enact a bipartisan solution to minimize future PFAS contamination, develop a clear path to destroy PFAS, and protect passive receivers.” These statements follow EPA’s regulatory action in April 2024 to designate PFAS as hazardous

substances under the Superfund program. At that time, the EPA also issued an enforcement memo on PFAS, where the agency explicitly contemplates settlements with passive receivers to protect those entities from third-party claims. Committee Ranking Member Sheldon Whitehouse (D-RI) indicated he believes in a “polluter pays” policy for PFAS remediation, and a witness from the Congressional Research Service said that requiring waivers and entering settlements with principal responsible parties for PFAS contamination could be options to limit liability for non-responsible parties going forward. There is measured optimism that Congress may pass legislation to address passive receives during the 119th Congress.

Congress to Approve NDAA Before End of Year, Could Serve as Vehicle for Housing Bill.

For the 65th consecutive year, Congress is poised to pass the National Defense Authorization Act (NDAA) before the end of the year. The NDAA provides authorization for appropriations for the Department of Defense (DOD), including the vehicle programs at TACOM in Warren, the Department of Energy's nuclear weapons programs, and other defense-related activities. Since the Continuing Resolution that ended the shutdown funds the government through January, there is no typical year-end must-pass spending bill that often serves as the legislative vehicle for other priorities. NDAA is the only must-pass bill remaining this calendar year, so it could serve as a year-end “Christmas Tree” bill with several other bills attached. One bill linked to the NDAA is the Senate’s affordable housing bill, the ROAD to Housing Act, which was unanimously approved by the Senate Banking Committee back in March. The ROAD to Housing Act is a bipartisan housing-supply and affordability package that expands tax credits, incentives, and financing tools to accelerate construction and rehabilitation of affordable homes. It also strengthens anti-homelessness programs, supports first-time homebuyers, and encourages zoning and land-use reforms to increase housing availability nationwide. Members in the House have their own housing policy priorities they would like to see included, most notably a reform of the HOME program. If the House and Senate can reach an agreement on the housing provisions, it stands a good chance of being attached to the NDAA. If those talks break down, all indications are that Congress will try to tackle housing policy again in early 2026.