



The National Beat

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Feature Focus

The Maximizing Transportation Efficiency Act & FY26 Appropriations Update

Transportation Demand Management Bill Introduced

On Jan. 27, Sen. Lisa Blunt Rochester (D-DE) introduced [S.3694](#), **the Maximizing Transportation Efficiency Act**. The bill was referred to Senate EPW and there is currently a companion bill in the House sponsored by Rep. Marilyn Strickland (D-WA), a member of the House T&I Committee. The bill would increase investment in [Transportation Demand Management](#) (TDM), which is the use of strategies to inform and encourage travelers to maximize the efficiency of a transportation system, leading to reduced congestion and improved air quality.

***The TL;DR:** The Maximizing Transportation Efficiency Act would make TDM an explicitly eligible, fundable transportation investment across major federal programs, while creating new rural set-asides, giving MPOs clearer authority and more flexibility to reduce congestion and improve accessibility without expanding roadway capacity.*

Background and Context

TDM incorporates strategies to help individuals use transportation systems more efficiently, ultimately improving accessibility, reducing congestion, and lowering vehicle emissions. These strategies can include anything from appropriate parking or transit pricing to active transportation strategies or general ridesharing practices. Advocates, including the [Association for Commuter Transportation](#) (ACT), note that TDM strategies can offer cost-effective ways to achieve local policy goals, with greater emission reductions at a lower cost. This can help deliver a range of transportation options for residents, create more efficient local and regional transportation systems, reduce traffic congestion, improve individual health and safety, and improve access to jobs and other destinations.

What the Bill Would Do

The legislation would make several changes to [Title 23](#):

- **Clearly defines TDM in statute and expands TDM eligibility** to highway, formula, and discretionary programs such as: CMAQ, MEGA grants, Local and Regional Project Assistance, SMART grants, and the Congestion Relief Program (CRP).
- **Creates a rural TDM pilot program**, establishing dedicated funding for rural TDM strategies, with eligibility for MPOs (that serve one or more rural areas), State DOTs, local governments, transit agencies, Tribal governments, regional planning organizations, nonprofits, universities, and transportation management associations.
- **Amends the Congestion Relief Program**, creating a small project set-aside for projects between \$500,000 and \$10 million and removes population thresholds that previously limited participation by smaller and rural regions.

What this Means for MPOs

The bill would strengthen the role of MPOs in delivering TDM by clearly defining TDM and making it an explicitly eligible investment across both formula and discretionary programs. MPOs that serve one or more rural areas would gain direct access to a **new \$20 million annual rural TDM set-aside**. The changes to CRP would also benefit MPO-led projects by making projects between



\$500,000 and \$10 million eligible for funding and **eliminating population thresholds**, expanding access for smaller MPOs that were previously excluded.

Helpful Resources on the Bill:

- [Senate Text](#)
- [One-Pager on the Bill](#)
- [Sen. Lisa Blunt Rochester Press Release](#)

[FY26 Appropriations and Government Shutdown Update](#)

A partial government shutdown could begin Friday, Jan. 30, if Congress does not pass a six-bill appropriations package funding nearly three-quarters of federal agencies. Last week, the House passed the final package of FY26 appropriation funding bills, including funding for USDOT, through the Transportation-HUD (THUD) title. THUD was passed as a part of a broader four-bill “minibus” ([H.R. 7148](#) – Read AMPO’s analysis of THUD [here](#)).

Prior to the weekend, the final six funding bills (DOD, HHS, Labor, HUD, Transportation, and Education) had passed the House with a vote of **341-88**. With the Senate on recess, considerations of the package have been delayed, leaving a **Jan. 30 deadline** to avert a shutdown.

Key Issues

- **Senate Democrats** are opposing the funding package due to the inclusion of Department of Homeland Security (DHS) Funding and increased funding for ICE. Democrats are refusing to advance any package that includes DHS without policy changes.
- **The White House and Republicans in Congress** want to pass the package as-is with some suggestions for either Executive actions or standalone legislation as ways to address DHS concerns among Senate Democrats – these have not been a viable solution so far.
- **The First Senate vote failed.** The vote was initially delayed due to weather in DC this past Monday, and then the package failed to pass during a vote (**45-55**) on Thursday, Jan. 29. Lawmakers are continuing negotiations with some potential packages that would fund DHS for a short term, and the rest (including THUD) through the fiscal year. Any changes to the funding package along with the failed vote make a **partial shutdown likely**.

What is at Stake:

- Any change to the funding package would require it to **return to the House for a vote**, but the House will not be in session next week. Speaker Mike Johnson has not indicated whether Members would return early yet.
- The timeline is tight, and negotiations are likely to continue up to the deadline. While there is currently no appetite from either party for another shutdown, **a short lapse remains possible** simply due to formal legislative processes.

MPO and USDOT Impacts

The USDOT shutdown plan has not been updated since the most recent shutdown that started in October 2025. For a better understanding of what a shutdown might look like, please refer to the Oct. 1, 2025, National Beat for a complete analysis of USDOT’s current shutdown plan:

 [Read AMPO’s Analysis here.](#)



Federal Roundup

Congress: Reauthorization

Administration & Agencies: USDOT



Congress

Congressional “Vibe” Check

Reauthorization. Reauthorization activity continues to accelerate as committees refine draft language and begin shaping the next surface transportation bill.



Where things stand:

- **House T&I.** Majority and minority staff are actively exchanging draft sections. Titles covering **NHTSA, FMCSA, FTA, and FHWA have already circulated internally**. Staff-to-staff negotiations on base text are now underway, and other House committees and off-committee members are beginning to surface their own reauthorization priorities.
 - House timing remains aggressive. Bill text is *expected* to be released in early 2026, with markups anticipated in Q1 and potential floor consideration in early spring. Chairman Graves has stated his **goal of passing a bill out of the House this spring**. With the IIJA set to expire on Sept. 30, 2026, and with Chairman Graves in his final term amid an approaching midterm election cycle, House leadership has strong incentives to complete work this Congress.
- **Senate.** Among Senate committees, Environment and Public Works (EPW) is furthest along. Chair Capito (R-WV) has indicated **plans to release draft text and hold a markup in early March 2026**. We are hearing that EPW may *potentially* move legislative text ahead of the House, though timelines remain fluid. Text exchanges and early negotiations between majority and minority EPW committee staff are beginning to take shape, suggesting the committee is further along in developing base reauthorization language. By comparison, the Commerce and Banking Committees are continuing early-stage drafting, and their timelines remain less defined.
- **Administration.** On the Administration side, FHWA, FTA, and other USDOT operating administrations are transmitting their reauthorization proposals to the Office of Management and Budget, the final step before formal submission to Congress.

A general note on timing: Given the remaining FY 2026 appropriations work, expected policy debates, and the long history of surface transportation bills missing deadlines, a CR remains possible. Even so, MPOs should operate under the assumption that reauthorization could move on time. This engagement window will not open twice, and once base text is released, shaping major provisions becomes significantly harder via amendment.







What's Making Headlines? A number of transportation issues on the Hill are drawing attention this week outside of reauthorization.

-  **Autonomous Vehicle Hearing:** Tesla, Waymo, and the Autonomous Vehicle Industry Association are scheduled to testify on Feb. 4 before the Senate Commerce Committee on autonomous vehicle policy for the upcoming surface transportation reauthorization bill. Tesla's CEO, Elon Musk, will not be attending, rather, Tesla will be represented by their Vice President of Engineering, Lars Moravy. This hearing will take place following the House E&C's Committee hearing two weeks ago where lawmakers expressed support for the bipartisan **SELF-Drive Act**. The legislation would allow vehicles to be exempted from certain manual controls and require that AV manufacturers demonstrate safety compliance through safety cases.
-  **Senate Commerce Vote on USDOT Nominees:** Next week, the Senate Commerce Committee will hold its first markup of the year, considering several nominees and new legislation from Sen. Maria Cantwell (D-WA) on FAA Safety Management Systems. Transportation-related nominees include John Deleeuw (NTSB), Ryan McCormack (DOT Undersecretary for Policy), Daniel Edwards (Assistant DOT Secretary), and Robert Harvey (Federal Maritime Commission).



Administration & Agencies

USDOT

-  **USDOT Seeks Federal AV Framework:** At the D.C. Auto Show, Secretary Duffy emphasized the need for a **single federal standard for autonomous vehicles**, urging regulators to move “at the speed of innovation” while keeping roads safe. Earlier discussions with Rep. Debbie Dingell (D-MI) touched on the new bipartisan **SELF-Drive Act**, co-led by Rep. Bob Latta (R-OH), which aims to provide a regulatory framework for AVs while maintaining safety standards. Rep. Dingell called Secretary Duffy an “important partner” and asked for his feedback on the bill.
-  **GAO Report on Broadband and Federal-Aid Highways:** GAO found that most states are making progress implementing FHWA's “**dig-once**” requirements, such as establishing broadband utility coordinators and notification processes, to facilitate broadband deployment along federal-aid highway right-of-way. States broadly reported coordinating with stakeholders on planned transportation projects to reduce excavation costs and expand broadband access, though some challenges remain in staff capacity and engaging providers.
-  **USDOT Beautifying Transportation Infrastructure Council:** USDOT will hold the first public meeting of its Beautifying Transportation Infrastructure Council on Monday, Feb. 2, 2026, at 1 PM (ET). The Council advises the Secretary on enhancing the aesthetic value of transportation systems, including highways, bridges, and transit hubs, while maintaining safety and efficiency. The meeting will be held in-person at USDOT Headquarters in Washington, D.C., with virtual participation available for the public. Registration and information are available [here](#). Public comments can be submitted by **Jan. 29, 2026**.
-  **NEVI Program Accelerates:** Since USDOT issued updated guidance last August, 49 states have had their NEVI plans approved and can now obligate federal funds to build EV charging stations. This marks a sharp turnaround from early administration efforts to freeze the program,

when [last reported in Oct. 2025](#), only 32 states had approvals and billions in funds remained untouched. Under Secretary Duffy, USDOT has **obligated 39% more NEVI funds** in recent months than were spent in three years under the previous administration. States and industry officials say the new guidance, removing rigid placement rules and allowing more strategic charger locations, is speeding project deployment, particularly in rural and hard-to-reach areas, while private-sector investment continues to expand nationwide.

- [🔗 Federal Spending Report Deadline](#): Federal agencies, including USDOT, were required to submit detailed **reports on all federal funds provided to entities in 14 “blue states” and D.C.** by Jan. 28, 2026. The data collection covers grants, loans, contracts, and other awards to state and local governments, nonprofits, and higher education institutions. Agencies are to include FY 2025 actual obligations, FY 2026 estimated obligations, and potential near-term obligations, but the memo does not involve withholding funds. Reports will help OMB assess funding usage and identify opportunities to reduce improper or fraudulent spending.
- [🔗 NEVI Court Ruling](#): A federal judge ruled last week that **USDOT’s suspension of \$5 billion in NEVI funding was unlawful**. The program, temporarily paused last February, is now moving forward under updated guidance, letting states continue to access federal funds. The Senate Transportation-HUD spending bill under consideration this week would repurpose \$879 million for NEVI (read AMPO’s analysis of THUD [here](#)).
- [🔗 Court Denies TRO on California Non-Domiciled CDLs](#): A federal judge rejected a request from the Chinese American Truckers Association to stop California’s pause on renewing non-domiciled commercial driver licenses. The pause is part of California’s ongoing standoff with FMCSA, which has withheld over \$150 million in federal highway funds over noncompliance concerns (read more [here](#)). Judge Jesus Bernal noted that granting the TRO could risk decertification of California’s CDL program, leaving drivers no better off, and emphasized that the states and public interest in program compliance outweighs the individual claims of affected drivers.
- [🔗 New York and New Jersey Gateway Project Paused](#): Construction is expected to pause at four of five active sites on the Gateway rail project linking New York and New Jersey after federal funding for the \$16 billion project was blocked, slowing work as early as Feb. 6. While President Trump stated that the project was terminated, Secretary Duffy later clarified that the funding has been paused, not canceled. Previous delays have already increased project costs by an estimated \$2 billion. Despite prior Biden-era funding commitments, President Trump has cited what he described as “unconstitutional DEI principles” at Gateway and the MTA as justification for the action. The decision has drawn bipartisan and labor opposition, with Sen. Schumer (D-NY) calling the move “absurd” and New Jersey Governor Mikie Sherrill raising concerns about economic impacts. The Gateway project would replace damaged rail tunnels and is expected to support up to 95,000 jobs once fully underway.



National News



- [🔗 Supreme Court Weighs Limits of Transit Agency Sovereign Immunity](#): The Supreme Court heard arguments on whether New Jersey Transit qualifies as an “arm of the state” and is therefore immune from lawsuits filed in other states, a ruling that could affect transit agencies and other state-created public corporations operating across state lines. The case stems from conflicting decisions in Pennsylvania and New York over injury claims involving NJ Transit

buses, with courts disagreeing on whether the agency can be sued outside New Jersey. NJ Transit argues it functions as a state instrument under significant state control, while plaintiffs contend it operates as an independent public corporation that should be subject to suit where alleged harm occurs. A decision expected by summer 2026 **could either broaden liability exposure for interstate transit agencies or clarify when such entities are protected** by state sovereign immunity.



- [!\[\]\(c8dce68b26731c7aa5915072fc9d68dd_img.jpg\) **Transit-Oriented Development Expands in North Texas:**](#) Cities across North Texas are increasingly embracing transit-oriented development (TOD), housing, and commercial projects near rail stations, as a tool to manage traffic growth and accommodate population increases. Carrollton's new 436-unit EVIVA at Trinity Mills apartments, next to DART's Green Line station, exemplifies the trend, offering residents easy access to downtown Dallas, DFW Airport, and Denton via public transit. Studies show that **TOD-related construction around DART stations generated \$1.9 billion** between 2022 and 2024, while future projects in Dallas, Addison, and Pleasant Grove aim to combine affordability, neighborhood revitalization, and walkable communities. Planners note the strategy will be critical as North Texas' population is projected to grow from 8 million to 12 million by 2050. However, uncertainty remains as some DART member cities consider withdrawing from the transit agency, potentially jeopardizing future TOD projects and the region's transit-based growth strategy.
- [!\[\]\(76b3245de86167eba9fcdc9cc9f32aa4_img.jpg\) **NJ Gov. Sherrill Pauses Rules to Review Red Tape:**](#) On Friday, Governor Mikie Sherrill signed her seventh executive order since being sworn in, pausing all new and pending rules and regulations for 90 days to allow for a comprehensive review. The move aims to cut bureaucracy, reduce project delays, and save residents time and money amid the state's economic and affordability challenges. The order builds on earlier actions, including the creation of a Cross-Agency Permitting Team and a Regulatory Simplification Team to streamline permitting and reform regulatory structures. Agencies may request exemptions by Feb. 2 if a pause would negatively affect public health or operations.
- [!\[\]\(13db7587f50867332e5bedc6a161739d_img.jpg\) **New Jersey Cracks Down on E-Bikes, Threatening Accessibility and Industry:**](#) New Jersey's new law reclassifies all e-bikes as mopeds, requiring riders 17 and older to carry a driver's license, registration, insurance, and wear a state-approved helmet, while riders 15–16 must get a motorized bicycle license. Critics say the law overreaches, creating barriers for people with disabilities, threatening local e-bike businesses, and undermining the national three-class e-bike standard by forcing all low-speed e-bikes into a moped category. The law could also prevent cross-state travel and limit parking options for e-bikes. While aimed at curbing high-powered electric two-wheelers, the law may stifle the safe, low-emission transportation that e-bikes provide. Advocates hope [**Washington State's proposed legislation**](#), which protects class 1 and 2 e-bikes while addressing high-speed devices, can offer a positive model for the nation.
- [!\[\]\(7be5ea91065783fbb69e41ba5d9680f7_img.jpg\) **South Carolina Lawmakers Consider New Transportation Bill:**](#) South Carolina lawmakers are considering a major transportation bill to address growing traffic and infrastructure demands without raising the gas tax. Key proposals include **higher registration fees for hybrid (\$200/2 years) and alternative-fuel vehicles (\$400/2 years)**, exploring tolls and express lanes, and requiring developers to help fund infrastructure through impact fees. The legislation would also allow counties and municipalities to take control of some state-owned roads to speed repairs. Transportation Secretary Justin Powell and Sen. Sean Bennett framed these measures as ways to ensure “growth pays for growth” while adding options for congestion relief, though



some components, particularly impact fees, are expected to face pushback. The bill is still under discussion, with Gov. Henry McMaster urging at least \$1.1 billion for road projects in the upcoming state budget.

-  [**Austin's Transit Crossroads: Light Rail vs. Self-Driving Future:**](#) Austin faces a choice between decades-long light-rail plans and a future shaped by autonomous vehicles. Past rail proposals, from a \$1.9 billion system in 2000 to a \$7.1 billion, 42-mile plan in 2020, have stalled due to voter rejection, rising costs, litigation, and urban growth bypassing planned stations. Meanwhile, self-driving tech is taking hold: Waymo runs 200+ vehicles across 140 square miles, with Tesla and Amazon's Zoox competing, and small autonomous shuttles being tested locally and nationwide. These vehicles offer flexibility and lower infrastructure costs, but questions remain about congestion, safety, affordability, and scalability. Cities must decide whether to invest in slow-to-build rail or embrace nimble autonomous fleets, while ensuring equitable access for all riders.
-  [**Gatik Launches First Fully Driverless Trucks in North America:**](#) Gatik, a California-based autonomous trucking company, has deployed the first fully driverless trucks in North America at scale, operating without drivers or safety observers. Its medium-duty trucks complete daily deliveries for major retailers across Texas, Arkansas, and Arizona, running nearly 24/7 on routes up to 400 miles. Since mid-2025, Gatik has completed 60,000 driverless orders and logged over 10,000 driverless miles. The company's Level 4 autonomous system, developed with Isuzu, underwent independent safety reviews and regulatory briefings with FMCSA, NHTSA, and state agencies. The fleet will expand to hundreds of trucks by year's end, with plans to enter additional U.S. markets.

Notice of Funding Opportunities

-  [**Federal-State Partnership for Intercity Passenger Rail Grant Program – National:**](#) Provides funding for capital projects that reduce the state of good repair backlog, improve performance, or expand or establish new intercity passenger rail service, including privately operated intercity passenger rail service, if an eligible applicant is involved.
 - **Deadline:** Feb. 6, 2026
-  [**Better Utilizing Investments to Leverage Development \(BUILD\) Grant Program:**](#) The goal of the program is to fund projects that will have a significant local or regional impact and improve transportation infrastructure.
 - **Deadline:** Feb. 24, 2026

 Access **AMPO's NOFO Tracker** [here](#).



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