



The National Beat

September 4, 2026

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Feature Focus

Congress Passes Continuing Resolution & USDOT Finalizes Final Rule Revising NEPA Implementation Regulations

Congress Passes Continuing Resolution (CR)

On Sept. 1, Congress passed a CR to fund the government until Dec. 11. While both chambers passed CRs prior to the August recess, the House ultimately voted 370-48, in favor of the Senate proposal. On Sept. 2, President Trump signed the CR, averting a possible government shutdown, and allowing federal funding to continue starting Oct. 1. Notably, the CR included a pause on the proposed OMB grant rule and an extension of surface transportation program funding for an additional 72 days, but not an extension of the IIJA Division J advance appropriations. While Congress will have to consider another CR in December, the stopgap funding bill and the extension will give Congress additional time to focus on November's midterm elections and to work on a surface transportation reauthorization.

***TL;DR:** The House and Senate passed a CR (370-48, 90-6) funding the government through Dec. 11, temporarily blocking OMB's grant rule and extending surface transportation authority for 72 days – excluding IIJA Division J advance appropriations. With Congress leaving for an early recess, surface transportation reauthorization discussions will wait until after the midterm elections and following consideration by the House Ways and Means Committee.*

Continuing Resolution

The House voted 370-48 in favor of the Senate's CR proposal, funding the government through Dec. 11. In the Senate, the legislation had bipartisan support and was passed by a vote of 90-6. While there were some republican Members of Congress opposing the legislation due to the inclusion of several non-transportation specific provisions and a temporary halt on the proposed OMB grant rule, the proposal still gained significant bipartisan support as both parties look to avoid a government shutdown ahead of the November midterm elections.

This was a significant priority for the House, as following the President's signature of the CR, Speaker of the House Mike Johnson (R-LA) announced that the House would be entering an early recess period to focus on campaigning. **Originally, the House was supposed to be in session until Oct. 1 but will now leave for their districts on Sept. 17.** With Members of Congress approaching an extended in-district work period, this is a critical opportunity for MPOs to engage their delegations. Please see AMPO's recently updated [Engagement Toolkit](#) for more resources and information on MPO engagement.

At a high-level, the following were key provisions included in the CR:

- Fund the federal government through Dec. 11, 2026
- Extend federal surface transportation programs for 72 days
- Continue Highway Trust Fund (HTF) spending authority
- Temporarily block OMB's proposed federal grants rule until Dec. 11



- Would not preserve the full transportation funding level provided under IIJA Division J advance appropriations funding

For additional information, please see [AMPO's analysis of the Senate CR proposal](#).

Reauthorization

Regarding surface transportation reauthorization, the CR would extend current highway program spending authority for 72 days. This will allow IIJA programs, except those funded through advance appropriations, to continue following Sept. 30, the original expiration of the IIJA.

Where things stand now

Speaker Mike Johnson (R-LA) indicated that full House consideration of the BA250 Act, that was passed by the House T&I Committee in May, [will have to wait until after midterm elections](#). Nevertheless, House T&I Chairman Sam Graves (R-MO) [said it is still a top priority for him](#) to pass the legislation before the end of the year.

At this moment, the legislation is still pending consideration by the House Ways and Means Committee, where [Chair Jason Smith \(R-MO\) indicated](#) that the surface bill is one of many pieces of legislation up for consideration before the end of the year. With the House now out until November, both chambers of Congress will have limited legislative days to pass and reconcile a surface transportation reauthorization.

[USDOT Finalizes 2025 Interim Final Rule Revising NEPA Implementing Regulations](#)

The Agencies are finalizing revisions to 23 CFR Part 771, which implements NEPA for FHWA, FRA, and FTA. The revisions remove references to the Council on Environmental Quality (CEQ) NEPA regulations, which were withdrawn in 2025-2026, allowing Part 771 to stand on its own. The rule also incorporates the 2023 NEPA amendments and IIJA amendments that streamlined federal environmental review requirements. With this final rule, the Agencies are making minor technical changes based on public comments and their further review of the regulations.

Please see the following AMPO analyses for additional information:

- [CEQ Moves to Remove NEPA Implementing Regulations \(Feb. 20, 2025\)](#)
- [CEQ NEPA Implementation Guidance \(Oct. 1, 2025\)](#)
- [USDOT NEPA Reforms \(July 3, 2025\)](#)

Background

On July 3, 2025, FTA, FRA, and FHWA issued an interim final rule (IFR) that revised USDOT NEPA implementing regulations following the elimination of CEQ regulations, 2023 amendments to NEPA, amendments from the IIJA, and changes as a result of the [Seven County Infrastructure Coalition v. Eagle County](#) Supreme Court decision. At its core, the initiative was driven by the 2025 Executive Order (EO), [Unleashing American Energy](#), which rescinded the prior EO directing CEQ to issue regulations implementing NEPA. CEQ subsequently removed its NEPA regulations in April 2025, prompting USDOT agencies to remove references to those regulations from Part 771 through the July 2025 IFR. The final rule now allows Part 771 to stand on its own without references



to the withdrawn CEQ regulations, while making minor technical revisions based on public comments and USDOT's own review.

The most notable changes from the 2025 IFR are technical revisions and responses to public comments. The following is a high-level overview of the technical changes:

- **Updated legal authorities:** Revised citations to reflect applicable environmental review, planning, and project development authorities.
 - **Updated CE thresholds:** Increased the limited Federal assistance categorical exclusion thresholds from **\$5 million to \$6 million** and from **\$30 million to \$35 million**. These increases were made to reflect increases in the Consumer Price Index.
 - **Clarified language:** Made small grammatical and wording changes to improve clarity in several sections of Part 771.
 - **Future rulemaking:** The Agencies may pursue additional **deregulatory changes** in a future rulemaking to further expedite environmental reviews and reduce regulatory burdens.
 - **Substantive comments deferred:** The Agencies received **1,991 comments (244 unique)** but declined broader substantive changes because they were outside the scope of this technical rulemaking; those suggestions may be considered in future rulemakings.
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Federal Roundup

***Congress:** Reauthorization and Legislative Activity*

***Administration & Agencies:** USDOT, EPA, & DOJ*



Congress

Congressional “Vibe” Check

Reauthorization. Reauthorization activity continues to accelerate as committees refine draft language that shapes the next surface transportation bill.

Where things stand:

- **House T&I. The BUILD America 250 (BA250) Act was passed out of committee on May 21 with a 62-2 vote** following a nearly 15-hour markup that considered nearly 300 amendments. The **bill authorizes approximately \$580 billion**, with 90% available through formula funding, a significant shift from the IIJA's heavier reliance on competitive grants.
 - The BA250 Act is currently pending consideration by the House Ways and Means Committee. Chair Jason Smith (R-MO) said that the committee is discussing the legislation but there is uncertainty on when it will be brought forward for committee consideration. House Speaker Mike Johnson (R-LA) indicated that reauthorization is a priority and he hopes to bring it for floor consideration following midterm elections.



- **Senate.** EPW is the furthest along of the Senate authorizing committees. Chair Shelley Moore Capito (R-WV) is [targeting this fall for release of the committee's highway title](#) and has indicated that EPW needs to move before the Banking, Commerce, and Finance committees finalize the transit, rail, safety, and revenue portions of the broader package. Her goal is to complete the full bill by the end of the year, however, given the status of Senate Banking and Commerce being further behind in the process, this timeline is ambitious and there may be a series of additional extensions following Dec. 11.

The Buzz on Reauthorization

- [🔗 House Problem Solvers Caucus Send Bipartisan Letter to Restore Surface Transportation Funding Levels:](#) The Problem Solvers Caucus is urging congressional leaders to restore FY2026 enacted funding levels for federal surface transportation programs in the FY2027 THUD appropriations bill, including advanced appropriations and all available funding sources. The lawmakers warn that current House and Senate CR proposals would cut \$36 billion in transportation funding, including nearly \$10 billion for highways, \$5 billion for airport infrastructure, \$4 billion for transit, and \$13 billion for rail, potentially delaying projects and increasing costs. They argue that restoring funding would provide certainty for state and local partners, preserve ongoing investments in bridges, transit, rail, ports, freight, and multimodal networks, and allow Congress to evaluate authorized programs before deciding whether to continue or terminate them.
- [🔗 House T&I Committee to See Significant Changes this Fall:](#) The House T&I Committee is likely to see significant changes next Congress, with at least 14 of its 67 members, including Chair Sam Graves (R-MO) and several influential subcommittee leaders, retiring or facing competitive reelection races. The leadership changes come as the committee works to complete both surface reauthorization and aviation safety legislation before the end of 2026, while preparing for FAA reauthorization and other major transportation priorities in the next Congress. Of significance, potential future Republican Chair or Ranking Member **David Rouzer (R-NC) said that he will prioritize the completion of the surface transportation reauthorization and FEMA reform.**

Introduced Legislation Related to Reauthorization

Whether you want to see what marker bills could be included in the next surface transportation reauthorization or are curious about what Congress is working on, AMPO is tracking all relevant legislation that has been introduced since December 2025. Please refer to our legislation tracker to see what bills have been introduced, who introduced them, and what they would do.

[➔ 119th Weekly Congress Legislation Tracker](#)

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



-  [House and Senate to Consider Slew of Environment and Energy Issues:](#) House and Senate committees are returning from the August recess with a crowded energy and environmental agenda, including permitting reform, data-center electricity demand, critical mineral supply chains, and fiscal 2027 spending bills. Permitting reform is a major focus for September, while lawmakers will also revisit the farm bill, reconciliation spending, national parks and forestry legislation, and other measures as they approach the midterm elections.



Administration & Agencies

USDOT

-  [USDOT's Monthly Intergovernmental Affairs Stakeholder Call:](#) USDOT's Office of Governmental Affairs will be hosting their monthly stakeholder call on Sept. 10. This month's session will provide updates on ongoing USDOT activities, NOFOs, grant statuses, and general updates. Please register [here](#).
-  [USDOT Announces NOFO for FY2024-2026 PROTECT Competitive Grants:](#) **On Aug. 28, USDOT announced that the FY 2024-2026 NOFO for the Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) grant program is now open.** PROTECT grants help provide funding for planning and for making surface transportation more resilient to weather, natural disasters, and changing conditions. The program includes both a planning grant and resilience grants, with both applications due on Oct. 9. **Please see [AMPO's NOFO Tracker](#) for more information.**
-  [USDOT Advances Rule to Lower Fuel Economy Standards in Commercial Vehicles:](#) USDOT advanced a rule that could pave the way for weaker fuel economy standards for medium- and heavy-duty commercial vehicles. The move is part of a current USDOT priority to rollback previous administration policies promoting vehicle electrification, a change that advocates say could lead to higher fuel demand, prices, and pollution. This follows [USDOT's previous rollback of Corporate Average Fuel Economy \(CAFE\) Standards in 2025](#).
-  [USDOT Opposition to Bike Infrastructure Spending and Growing Political Debate:](#) A New York Times article described how USDOT has increasingly targeted federal funding for bike lanes, arguing they can worsen congestion and reflect ideological transportation priorities, while canceling or freezing several projects nationwide. Despite this, bike lanes retain broad public support, and the debate highlights a growing partisan divide over transportation planning, federal funding, and the role of multimodal infrastructure.
-  [USDOT To Shut Down More than 110 Commercial Driving Schools:](#) USDOT is shutting down more than 110 commercial driving schools accused of issuing licenses to over 5,000 drivers who failed English language proficiency (ELP) tests. The agency is also auditing CDL testers nationwide, while DHS conducts an investigation into more than 200 driving schools as part of a larger crackdown on CDL fraud and noncompliance. [USDOT also revealed that they will be working with the Department of Justice \(DOJ\)](#) to create a new task force specifically focused on truck safety enforcement. US Attorney offices in Illinois, Indiana, Michigan, and Ohio will start the initiative within their state offices, with additional states expecting to participate in the effort later.

-  [English Language Proficiency \(ELP\) Violations Ranked Among Top Driver of Out-of-Service Violations:](#) ELP violations ranked fourth among U.S. commercial vehicle driver out-of-service violations during this year's CVSA Roadcheck, with 361 violations recorded. The increase reflects recent federal enforcement of ELP requirements, which DOT began to prioritize in 2025 as part of a broader trucking safety and compliance push.
-  [USDOT Releases National Strategy for Autonomous Vehicles \(AVs\):](#) USDOT released a [national strategy](#) outlining their plan to bolster AV development and innovation in the US. The strategy focuses on promoting AV innovation by reducing regulatory barriers and modernizing regulations, all while prioritizing safety. The strategy includes four core objectives that focus on safety, regulatory certainty, innovation, and cross-state interoperability of AVs within the transportation system.
-  [USDOT Request for Comments on Advanced Digital Construction Management Systems \(ADCMS\) Grant Information Collection:](#) USDOT and FHWA are seeking OMB approval to complete a new information collection for the ADCMS grant program. ADCMS supports the adoption of digital construction technologies to improve productivity, reduce project delays and costs, and enhance safety. **Comments are due on Oct. 5, 2026, using Docket Number 0091 [here](#).**

EPA

-  [US Chamber of Commerce Asks Supreme Court to Review DC Circuit Decision Upholding EPA Ruling on PM2.5 Standards:](#) The US Chamber of Commerce, business groups, and 25 states asked the Supreme Court to review a DC Circuit decision upholding a Biden Administration EPA rule that made more stringent PM2.5 air-quality standards. They argue the rule could hinder permitting, infrastructure investment, manufacturing, and economic growth, while contending EPA bypassed required scientific review and failed to consider the rule's costs and consequences.

DOJ:

-  [The Department of Justice \(DOJ\) Appeals Federal Court Gateway Rail Funding Decision:](#) The DOJ appealed a federal court ruling that ordered the release of more than \$200 million in previously frozen federal funding for the \$16 billion Gateway rail tunnel project connecting New York and New Jersey. The appeal continues a yearlong dispute over the funding freeze, which a federal judge ruled was unlawful after New York and New Jersey challenged the suspension.



National News

-  [NACo Releases State Policy Research Hub Resource:](#) The National Association of Counties (NACo) unveiled a new policy resource providing reports, databases, and analyses on emerging legislation across counties and states. Policy areas include land use preemption and property tax, and general updates on policy developments across state legislatures.



-  [**California Issues New Autonomous Trucking Testing Rule:**](#) California's new autonomous truck rules require up to 1 million miles of testing before driverless commercial freight operations, drawing a lawsuit from the Teamsters over the rulemaking process. This regulatory framework contrasts from current policy environments such as Texas and from what was proposed in the House T&I's BUILD America 250 Act, showing a growing push for a nationally consistent autonomous trucking rules rather than a state-by-state patchwork.
 -  [**Impact of Extreme Heat on Transportation Infrastructure:**](#) Extreme heat is exposing vulnerabilities across US transportation infrastructure, causing roadway damage, rail disruptions, bridge closures, flight cancellations, and risks to transportation workers and passengers. Transportation agencies will need to incorporate heat resilience into infrastructure design, operations, and planning as temperatures rise, with mitigation measures ranging from heat-resistant materials and cooling systems to increased shade and modified operations.
 -  [**Rising Diesel Prices Has Multi Industry Impact:**](#) Diesel prices have surged to \$5.60 per gallon, nearing the 2022 record, raising concerns about higher costs for trucking, agriculture, and broader inflation. The spike could create political challenges for Republicans in rural and blue-collar areas, while the administration looks to expanded refining capacity and Venezuelan oil to ease fuel prices.
 -  [**Rising Oil Prices and Debt Push Global Bond Yields Higher:**](#) Global government bond yields are rising as higher energy prices increase concerns about inflation, while rising debt levels and widening deficits worry investors about fiscal stability. The sell-off has pushed borrowing costs to multi-decade highs across larger economies, potentially raising interest costs for governments, businesses, and consumers.
 -  [**Why Transit Construction Costs are So High:**](#) The Transit Brief argues that transit construction costs in Canada and other English-speaking countries have risen dramatically, driven not by a single cause but by more than 50 interacting factors across design, construction processes, government capacity, procurement, and policy. It warns that these high costs and lengthy timelines reduce the amount and quality of transit that can be built, emphasizing the need for greater cost awareness, transparency, standardization, stronger public-sector capacity, and more efficient project delivery.
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Notice of Funding Opportunities

-  [**Innovative Coordinated Access and Mobility \(ICAM\) Pilot Program:**](#) Provides competitive funding to support innovative projects for transportation disadvantaged populations that will improve the coordination of transportation services and non-emergency medical transportation services.
 - **Deadline:** Sept. 9, 2026
-  [**Buses and Bus Facilities Infrastructure Program:**](#) The Grants for Buses and Bus Facilities Competitive Program (49 U.S.C. 5339(b)) makes federal resources available to states and direct recipients to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities, including technological changes or innovations to modify low- or no-emission vehicles or facilities.



- **Deadline:** Sept. 21, 2026
-  **Low or No Emission Grant Program:** The Low or No Emission competitive program provides funding to state and local governmental authorities for the purchase or lease of zero-emission and low-emission transit buses as well as acquisition, construction, and leasing of required supporting facilities.
 - **Deadline:** Sept. 21, 2026
-  **Bus Safety, Accessibility, and Innovation Research Program:** Supports the development of standard designs and prototypes that will make existing and new buses safer for operators, riders and vulnerable road users, as well as more accessible for passengers.
 - **Deadline:** Sept. 28, 2026
-  **Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation Program (PROTECT):** The PROTECT Competitive Grant Program provides funding to plan for and make surface transportation more resilient to current and future weather events, natural disasters, and changing conditions, such as severe storms, flooding, drought, levee and dam failures, wildfire, rockslides, mudslides, sea level rise, extreme weather, including extreme temperatures, and earthquakes.
 - **Deadline:** Oct. 9, 2026

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

Recent Editions

- [August 28 \(2026\)](#)
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