

Federal & State Budget and Policy Update

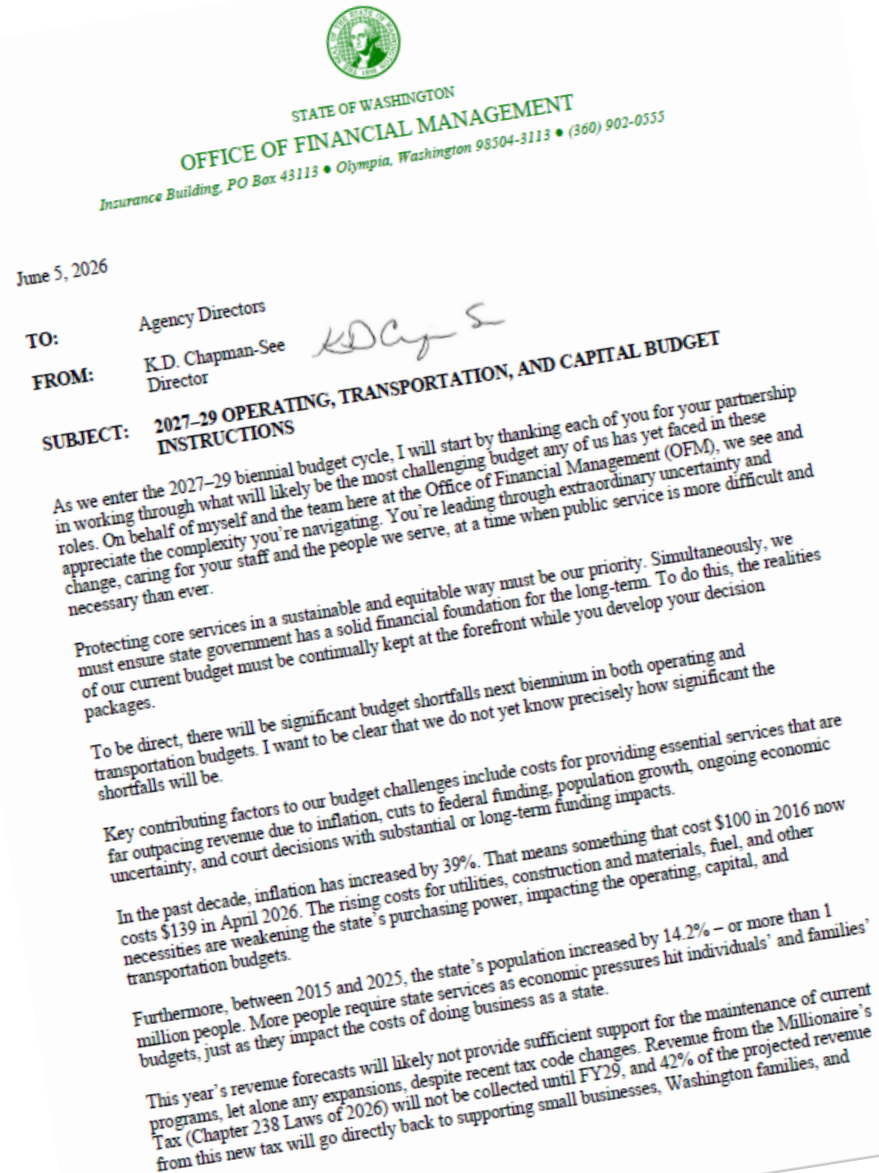
Executive Board

June 25, 2026



Puget Sound Regional Council

State Update – OFM Letter to State Agencies



- Shortfalls in operating and transportation budgets
- Focus only on mandatory increases, no expansion existing programs & services or new programs
- Pause the phase-in of most new programs

"...will likely be the most challenging budget any of us has yet faced in these roles."



June Economic & Revenue Updates

- Most WA economic indicators growing slowly
- Housing permits are up
- US employment up, WA down
- Consumer prices up nationally and locally
- Revenue collections are down
- Housing permits are up
- Revenue Review June 26

June Economic & Revenue Update



Washington State

Economic and Revenue Forecast Council



Transportation Revenue Forecast

- Transportation revenue down \$166m through 2029
 - \$36m FY 25–27
 - \$130m FY 27–29
- Gas consumption continues down avg 2% per year, 1.3% in FY2025
- Revenues decreased for gas & in other areas, like fees
- Vehicle registrations down
- WSF ridership up, increases in farebox



Federal Updates



- FY 2027 Appropriations
- 21st Century Road to Housing
- Continuum of Care
- Surface Transportation Reauthorization



FY 2027 Transportation – HUD Appropriations



- 8% cut to HUD budget overall
- Reductions to HOME, Public Housing, Continuum of Care
- DOT budget overall \$4.7b or 4% cut
- Deep cuts to transit programs
 - \$4.6b for public transit or 22% below FY 2026 level
 - Cuts Capital Investment Grants (CIG) by \$2.6 billion or 78% from the FY 2026 enacted level



21st Century ROAD to Housing Act Enacted

- Senate passed Monday 6/22, House Tuesday 6/24
- President won't sign unless SAVE Act passed
- Bipartisan bill, with Senate and House housing priorities
- Includes over 45 provisions from the ROAD to Housing Act and the Housing for the 21st Century Act

[Section-by-section summary](#)



21st Century ROAD to Housing Act Provisions



- Focused on expanding housing supply
- Removes regulatory barriers
- Modernizes HUD programs, including HOME
- Institutional investor single family homes
- Enhances Community Banking Operations
- Innovation Fund
- Database of publicly owned land



Continuum of Care

- FY 2026 NOFO released June 1
- Seattle cited as an example of failed policy according to administration
- 60% of renewal demand (compared to 90% in 2024)
- Funding for LA suspended
- Ongoing lawsuit for FY 2025 NOFO, motion to amend complaint to include FY26 NOFO



BUILD America 250 – Surface Transportation Reauthorization



- House Bill Transportation & Infrastructure voted
- Senate coming
- Increases some programs including Surface Transportation Block Grant program, Bridge Formula Program & PL funds
- Combines other programs
- Includes \$130 fee for EVs \$35 fee for hybrid vehicles to support Highway Trust Fund





Thank You!

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