



City of
Bellevue

City Manager's
Office

DATE: October 14, 2025

SUBJECT: Federal Legislative Update, September 2025

BUDGET & APPROPRIATIONS

Government Shutdown

As of midnight September 30, the federal government is shut down after Congress and the White House failed to reach an agreement to continue government funding. On September 19, the House passed a short-term continuing resolution that would extend fiscal year 2025 funding through November 21. The bill also extends health programs, flood insurance and veterans' services.

Congressional Democrats are pushing for a continuing resolution that includes a permanent extension of Affordable Care Act subsidies set to expire, a repeal of healthcare provisions in the One Big Beautiful Bill (H.R. 1) signed on July 4, and limits on the administration's ability to expedite rescission requests. Democrats are currently withholding support for any funding bill until these healthcare priorities are addressed. The White House and congressional Republicans view these demands as non-starters. The political standoff will likely continue until a filibuster-proof bill can pass the Senate, requiring eight Democrats to vote with Republicans. Current speculation suggests the shutdown will last at least a couple of weeks. The longest government shutdown in U.S. history lasted 34 days during President Donald Trump's first term.

During a shutdown, the administration issues guidance for federal agencies to halt non-essential discretionary functions until new funding is enacted. Essential services and mandatory spending programs continue. What qualifies as "essential" is determined by the Office of Management and Budget and the Department of Justice. Public safety operations, including border security, law enforcement, air traffic control and some legislative and judicial staff, are generally protected.

Programs funded by user fees (such as immigration services paid by visa fees) or through advance appropriations (such as some veterans' healthcare) are also largely unaffected. Mandatory funding programs like Social Security, Medicare and the Supplemental Nutrition Assistance Program (SNAP) continue, though some administrative services may pause. For example, checks and benefits will still be issued, but verification services may be delayed.

During this shutdown, the Trump administration is allowing work on several priority initiatives to continue. Permitting review functions by the Federal Permitting Improvement Steering Council and the Environmental Protection Agency are ongoing, reflecting a push to accelerate permitting for major infrastructure, energy and

technology projects. The Department of the Interior continues to review and issue oil and gas leases, and most national parks remain open.

Once agreement is reached to end the government shutdown, Congress will return to work on the 12 annual appropriations bills. [Status Table: FY 26 Appropriations](#).

OTHER LEGISLATIVE ACTION

Federal Emergency Management Agency (FEMA) Reform

Federal disaster response has faced criticism for decades. Since taking office, President Trump has aimed to overhaul FEMA, including firing hundreds of staff, withholding grant funding for review, and proposing to shift more responsibility to states and local governments.

Congress has responded with a bipartisan proposal to address major concerns. Leaders of the House Transportation and Infrastructure Committee, including Rep. Rick Larsen, D-Wash., have introduced the Fixing Emergency Management for Americans (FEMA) Act of 2025 ([H.R. 4669](#)). The bill would elevate the Agency to a Cabinet-level agency and streamline disaster response and recovery efforts.

ADMINISTRATION

Infrastructure Funding Cancellations

The Trump administration has paused funding for major infrastructure projects, citing misalignment with federal priorities. The Department of Transportation issued an interim final rule prohibiting federal funding for projects using race- or sex-based contractor preferences. The ongoing shutdown is currently stalling related investigations. Projects under threat include:

- \$2.1 billion for Chicago's Red Line Extension and Red & Purple Modernization Project
- \$18 billion for the New York-New Jersey Hudson Gateway Tunnel project and Second Avenue Subway

The Department of Energy also canceled \$8 billion in green energy projects. This includes a \$1 billion hydrogen initiative in the Pacific Northwest.

H-1B Visas

On September 19, the White House issued a [proclamation](#) establishing a new \$100,000 fee for H-1B visa applications, effective September 21. President Trump said the move would "curb abuses and protect American workers." Additional reforms are expected, including wage level requirements.

Introduced in 1990, the H-1B program addresses labor shortages in specialized fields. In 2023, 65% of H-1B visas were issued for computer-related occupations. Major users of the program include Washington-based Amazon and Microsoft.

Higher Education

The administration has asked nine top-tier universities to sign a "Compact for Academic Excellence in Higher Education." Signing the compact would grant preferential access to federal funding in exchange for agreeing to limits on international undergraduate enrollment (15 percent), acceptance of standardized test scores, and a ban on using race or sex in hiring and admissions.

Universities receiving the proposal include Vanderbilt, the University of Pennsylvania, Dartmouth, the University of Southern California, the Massachusetts Institute of Technology (MIT), the University of Texas, the University of Arizona, Brown and the University of Virginia. This follows recent administration efforts to influence higher education policy at institutions such as Harvard and Columbia.

Federal Trucker Safety Licensing

Transportation Secretary Sean Duffy announced that Washington is one of three states at risk of losing Motor Carrier Safety Assistance Program funding due to noncompliance with English-language requirements for commercial drivers. Washington's share is estimated at \$10.5 million.

In September, the administration also announced an emergency interim rule restricting eligibility for commercial learners permits and commercial driver's licenses. Non-citizens will now need employment-based visas and mandatory federal immigration checks to qualify for a non-domiciled commercial driver license (CDL).

LOOKING AHEAD

New Supreme Court session

The Supreme Court's fall session includes several major cases on presidential powers. The court has ruled on 23 emergency requests from President Trump, siding with him in 20. These included issues related to mass firings, federal grants, alleged racial profiling by immigration agents, and access to Social Security data by the Department of Government Efficiency.

This session, the court will hear arguments on:

- Executive authority over independent agencies, such as the case involving Federal Reserve Governor Lisa Cook
- Legality of the Trump administration's tariffs
- Birthright citizenship
- Voting districts and campaign finance limits

Reconciliation #2

After passing the One Big Beautiful Bill (H.R. 1) in July, House Speaker Mike Johnson announced plans for a second reconciliation package. However, momentum appears limited, as many Republican priorities were addressed in the first bill.

The White House and Republican leadership have not yet outlined specific priorities. The next bill is expected to be smaller and may focus on tax policy, higher education and regulatory reforms left out of H.R. 1. A Republican Study Committee has launched a "Reconciliation 2.0" working group to begin vetting proposals.

BELLEVUE FEDERAL AFFAIRS

In September, Bellevue hosted Rep. Suzan DelBene for a tour of the BRIDGE Housing Spring District Project, which highlights the importance of the federal Low-Income Housing Tax Credit in affordable housing development. Bellevue also coordinated with Senator Patty Murray's office regarding a potential TIFIA celebration event.