



City of Bellevue

City Manager's Office

DATE: February 10, 2026

SUBJECT: Federal Legislative Update, January 2026

Congress has completed most its work to secure funding for Fiscal Year (FY) 2026. Negotiations around the funding for the Department of Homeland Security will be Congress' focus for February, then congressional appropriations leaders will quickly pivot to begin work on funding proposals for FY 2027. At this time, it's uncertain when the Trump Administration will release its budget proposal for FY 2027.

Budget and Appropriations

Congress has completed work on 11 of the 12 appropriations bills for FY 2026 appropriations. This ensures funding will be secure until the end of the fiscal year for agencies and programs covered under appropriations bills for Defense, Financial Services, Labor-HHS Education, National Security-State, Transportation-HUD, Commerce-Justice-Science, Energy and Water, Interior-Environment, Agriculture-FDA, Legislative Branch, and Military Construction.

The remaining appropriations bill covering the Department of Homeland Security has provided a two-week funding extension to allow Congress to negotiate a deal addressing concerns over ICE operations and tactics.

With appropriations bills signed into law by President Trump, Bellevue's congressionally directed spending requests are funded through the enacted Interior-Environment and Transportation-HUD bills for FY 2026:

Amount	Project	Supporting Member	Status
\$500,000	Lake Washington Sewer Lake Lines	Sen. Cantwell & Rep. Delbene	Passed Congress; Signed by President
\$2 million	The Grand Connection I-405 Crossing	Sen. Cantwell & Rep. Smith	Passed Congress; Signed by President

Other highlights contained in the enacted FY 2026 appropriations bills include:

- Transit programs are funded at \$16.5 billion, including \$1.7 billion for the Capital Investment Grants program, \$14.6 billion for Transit Formula Grants to fund programs like the Bus and Bus Facilities grants, and \$211 million for Transit Infrastructure Grants, including \$45 million for ferry programs.
- Homeless assistance grants are provided \$366 million above FY 2025 levels, \$18.5 billion is provided for Project-based Rental Assistance, \$1 billion for Housing for the Elderly, and \$287 million for Housing for Persons with Disabilities.
- Community Development Block Grant program is funded at \$13.3 billion.
- The Clean Water State Revolving Fund is provided \$2.8 billion, the same level as FY 2025.

- The Low-Income Home Energy Assistance Program (LIHEAP) is provided a \$20 million increase over current levels.

Administrative Actions and the Courts

Head Start Grants and Child Care Funding

The Washington State Association of Head Start and Early Childhood Education and Assistance programs won a temporary order preventing the Department of Health and Human Services from imposing grant conditions requiring recipients of Head Start education program funds to certify that the cash won't be used to promote diversity, equity, and inclusion. The organizations challenging the conditions are also challenging the administration's alleged dismantling of the program through mass layoffs and office closures. The case is *Wash. State Ass'n of Head Start and Early Childhood Educ. and Assistance Program v. Kennedy, W.D. Wash., No. 2:25-cv-00781, 1/6/26.*

New York, California, Minnesota, Illinois, and Colorado have filed suit against the U.S. government to restore \$10 billion in aid for programs that serve vulnerable children. The administration announced a funding freeze amid allegations of nationwide fraud, which the states deny. The states accuse the administration of freezing assistance to punish them "for their political leadership." The case is *State of New York v. Administration for Children and Families, 26-cv-00172.*

Clean Energy Projects Funding

The U.S. District Court for the District of Columbia issued a ruling related to approximately \$4.8 billion in clean energy grants awarded during the Biden Administration. The Trump Administration had previously canceled the grants, and court filings stated the cancellations were based in part on the projects being in states that typically vote Democratic. The court determined that this action violated the Fifth Amendment's guarantee of equal protection. Among the largest affected awards are hydrogen hub projects in California and the Pacific Northwest.

Housing

President Trump signed an executive order intended to ban large institutional investors from buying single-family homes. The order details a multi-part process to limit institutional home purchases, including developing definitions of "large institutional investors" and "single-family homes" within a month. The administration is looking to Congress to set policies promoting sales to individual owner-occupants and conduct antitrust reviews of substantial acquisitions by institutional investors across housing markets.

Looking Ahead

President Trump is scheduled to deliver his State of the Union Address on February 24. In addition to its appropriations work, Congress is also expected to ramp up efforts to develop preliminary blueprints for reauthorization bills covering surface transportation programs, the U.S. Army Corp of Engineers and water resources programs. Health care and extension of the enhanced Affordable Care Act tax credits are also on the congressional docket with the debate on health care likely to resume in the coming weeks and months.