



Federal Legislative Update

May 6, 2025



Latest Updates

PRESIDENT'S FY26 BUDGET REQUEST

- On Friday, the White House released an abbreviated version of the President's FY26 Budget Request, commonly referred to as the "Skinny Budget"
- Unfortunately, the President's Budget Request **recommends the elimination of EDA**, along with many other programs and agency divisions of importance to the NADO membership
- Although this is concerning, it is important to remember that ***the President's Budget is only a recommendation***. Ultimately, only Congress has the power to make appropriations decisions.
- ***This has happened before***. EDA was recommended for elimination in FY 18 and in FY 19, but ultimately Congress still appropriated funding for the agency in those years.
- In addition to EDA, the President's budget proposes significant cuts and/or eliminations of many other agencies and programs, including HUD CDBG and HOME, and Federal Regional Commissions
- NADO will continue to work with our partners in DC to advocate for the protection of programs that are vital to NADO members

<https://www.nado.org/wp-content/uploads/2024/12/Fiscal-Year-2026-Discretionary-Budget-Request.pdf>

PRESIDENT'S FY26 BUDGET WORDING

- The President's FY26 Budget Request cites the following reasoning for recommending the elimination of EDA.

<i>Cuts, Reductions, and Consolidations</i>		
Economic Development Administration (EDA) and Minority Business Development Agency (MBDA)	-624	EDA programs are not simply wasteful, they have been hijacked and operate as spending earmarks for politicians' favored projects as well as subsidies for ideologues who prioritize "racial equity" and the radicalized climate agenda. EDA has funded projects like resurrecting dead comedians as holograms at the National Comedy Center in New York, constructing a "Pride Plaza" in Portland, Oregon, and supporting Evergreen Climate Innovations, a "decarbonizing" group in Chicago. As part of the President's federalism agenda, eliminating EDA would drive economic decision-making out of Washington and to States and localities. The Economic Development Assistance Program had significant funding increases in the last administration that have not been spent. The Budget proposes to rescind these unobligated balances, enhancing accountability and reducing waste. MBDA violates the Civil Rights Act and maintains a lengthy history of inserting "equity" and other DEI practices into its programs. In fact, last year, a U.S. District Court found MBDA's "social disadvantage based on race or ethnicity" in its funding decisions to be unconstitutional. Discriminatory DEI practices are the core mission of MBDA, and the agency is fully eliminated.

CONTINUING RESOLUTION PASSED

- On March 15 2025, a seven-month **Continuing Resolution (CR)** for the remainder of FY 2025 was passed by Congress and signed by the President
- In most categories, it extended current funding levels through the end of the fiscal year, but there are some adjustments: it increased defense spending by \$6 billion and decreased non-defense spending by \$13 billion.
- There was no impact to EDA in terms of funding reductions in the FY 2025 CR.
- There was also no impact to programs such as Social Security, Medicare or Medicaid in terms of funding reductions.
- The FY 2025 CR did not include disaster funding or Congressionally Directed Spending, and it did not raise the debt limit.

Budget Authority Allocations by Appropriations Title (billions)

■ Source: Congressional Budget Office.

Appropriations Title	FY 2024 (Actual)	FY 2025 CR	Difference
Agriculture	\$26.2	\$26.6	\$0.4
Commerce, Justice, Science	\$66.5	\$67.8	\$1.3
Defense	\$824.5	\$831.5	\$7.0
Energy and Water	\$58.2	\$58.1	-\$0.1
Financial Services and General Government	\$13.7	\$15.9	\$2.2
Homeland Security	\$61.8	\$65.0	\$3.2
Interior and Environment	\$38.6	\$40.9	\$2.3
Labor, HHS, Education	\$194.4	\$198.2	\$3.8
Legislative Branch	\$6.8	\$6.7	-\$0.1
Military Construction, VA	\$153.9	\$146.6	-\$7.3
State, Foreign Operations	\$55.8	\$56.8	\$1.0
Transportation, HUD	\$89.5	\$86.4	-\$3.1
Total Base Funding	\$1.59 trillion	\$1.60 trillion	\$10 billion



Budget Reconciliation Process

BUDGET RECONCILIATION GOALS

- Congress is expected to use the budget reconciliation process to pass legislation with a significant fiscal impact, such as extending the expiring portions of the 2017 Tax Cuts and Jobs Act, in the coming weeks
- The Senate passed an [amended budget resolution](#) for fiscal year (FY) 2025 on April 5, followed by the House on April 10. This unlocks a reconciliation process that enables major tax-and-spending legislation to fast track and bypass the Senate's 60-vote filibuster rule with a simple majority.
- **Next Steps:** Now that the House and Senate have adopted the same budget resolution with reconciliation instructions, lawmakers are discussing what to include in a forthcoming reconciliation package. House committees have started to schedule markups for various pieces of the reconciliation package, and House Republicans plan to have their reconciliation package on the floor the week of May 19.
- [Click here](#) for an ongoing Budget Reconciliation status table

WHAT IS RECONCILIATION?

- Reconciliation is an optional tool – a special process – that makes legislation easier to pass in the Senate.
- Instead of needing 60 votes, a reconciliation bill only needs a simple majority in the Senate. It also cannot be stalled by a Senate filibuster.
- Reconciliation starts when Congress passes a budget resolution that includes reconciliation instructions.

RECONCILIATION CANNOT REDUCE DISCRETIONARY SPENDING

- One of the limitations of the budget reconciliation process is that reconciliation instructions can only be given for three specific purposes:
 - 1. To make changes in the statutory debt limit
 - 2. To make changes in revenues
 - 3. To make changes in direct (mandatory) spending
- Discretionary spending – such as annual funding for EDA – can NOT be included in the reconciliation process, which is good news given the current environment



Executive Orders and Presidential Actions

EXECUTIVE ORDERS AND FEDERAL FUNDING PAUSES

- Even though the OMB memo “freezing” federal funding was rescinded, federal agencies are still being directed to complete **internal review processes** to determine whether their grant programs are in alignment with the Administration’s Executive Orders
- Temporarily, federal funds may be paused. Many of the EOs have **60 or 90 day** targets for implementation, or longer
- Until federal agencies come out with additional guidance, **we cannot know** what the final impacts of many of these internal funding review processes will be
- It is important to stay in touch with your **grant officers** and **EDRs** regularly
- If your organization is directly impacted by federal funding pauses or “stop work orders,” **communicate with your Senators and Representatives** and make them aware of any detrimental impacts

TEMPLATE LETTER TO CONGRESS: FUNDING PAUSES

If your organization is being negatively impacted by **pauses in federal grant funding**, you can use this template letter to contact your Senators and Representatives.

www.nado.org/advocacy-resources/

TEMPLATE EMAIL TO BE SENT TO YOUR SENATOR OR REPRESENTATIVE REGARDING PAUSED FEDERAL FUNDING

Month day, 2025

Dear [Senator or Representative's name],

On behalf of [organization name] and our local stakeholders in [counties] I am reaching out to ask for your support in ensuring that my organization is able to receive and implement a federal grant that we were previously awarded.

Despite the rescission of Office of Management and Budget (OMB) memo M-25-13, my organization continues to be impacted by federal funding that has been paused.

Specifically, my organization [had previously been awarded] a grant from the [federal agency name] that my organization has since been notified is now [paused or withdrawn].

These are the details of the award that is impacted:

- Awarding Agency: [federal agency]
- Federal Grant Program Name: [include the full name of the federal grant program]
- Grant Proposal Title: [title of the grant proposal on your grant application]
- Original date of notification of award: [date of notification]
- Status of award prior to the release of OMB memo M-25-13 on January 27, 2025: [examples: announced, obligated; active; etc.]
- Current status of award: [examples: paused; withdrawn, stop work order received, etc.]
- Purpose of award: [brief description of project]

If my organization is unable to receive this grant funding, we will be impacted in the following ways: [describe consequences to your region, inability to complete important work, potential organizational impacts such as staff reductions, etc.]

I would greatly appreciate your support and intervention in ensuring that these grant funds can be released for use in our region. If your staff would like to connect to discuss the details, they can reach me at [phone number] or [email].

TYPICAL PATH OF EXECUTIVE ORDERS AND SUBSEQUENT GUIDANCE

1. An Executive Order (EO) is put forward



■ **2. Overarching guidance surrounding the EO from OMB or OPM is released**


- The White House Office of Management and Budget (OMB) and/or the U.S. Office of Personnel Management (OPM) may release guidance providing broad instruction to federal agencies on how to implement the Executive Order



■ **3. Subsequent guidance released from relevant federal agencies**

Example: Executive Order

[NEWS](#) [ADMINISTRATION](#) [ISSUES](#)



PRESIDENTIAL ACTIONS

UNLEASHING
AMERICAN ENERGY

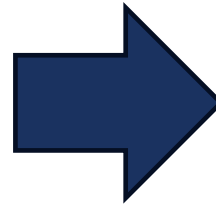
EXECUTIVE ORDER

January 20, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Background. America is blessed with an abundance of energy and natural resources that have historically powered our Nation's economic prosperity. In recent years, burdensome and ideologically motivated regulations have impeded the development of these resources, limited the generation of reliable and affordable electricity, reduced job creation, and inflicted high energy costs upon our citizens. These high energy costs devastate American consumers by driving up the cost of transportation, heating, utilities, farming, and manufacturing, while weakening our national security.

<https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/>



Example: Subsequent Guidance

MEMORANDUM TO THE
HEADS OF DEPARTMENTS
AND AGENCIES

OFFICE OF MANAGEMENT AND BUDGET

January 21, 2025

January 21, 2025

M-25-11

MEMORANDUM TO THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Matthew J. Vaeth, Acting Director, Office of Management and Budget

Kevin Hassett, Assistant to the President for Economic Policy and Director of the National Economic Council

SUBJECT: Guidance Regarding Section 7 of the Executive Order *Unleashing American Energy*

The directive in section 7 of the Executive Order entitled *Unleashing American Energy* requires agencies to immediately pause disbursement of funds appropriated

<https://www.whitehouse.gov/briefings-statements/2025/01/omb-memo-m-25-11/>

FEBRUARY 26: OMB AND OPM MEMO

- *“Agency Heads shall promptly undertake preparations to initiate large-scale Reductions in Force (RIFs)....and “Agency RIF and Reorganization Plans (ARRP)”*
- *Agencies should seek to “consolidate agency organization....consolidate management layers....”*
- *“...close and/or consolidate regional field offices to the extent consistent with efficient service delivery”*
- *“...maximally reduce the use of outside consultants and contractors”*
- Memo includes **30, 60, and 90** day targets
- **March 13** – agencies must submit Agency Reorganization Plans
- **April 14** – agencies must submit Phase 2 ARRPs

<https://s3.documentcloud.org/documents/25545392/omb-opm-memo.pdf>



U.S. Office of
Management and Budget



U.S. Office of
Personnel Management

MEMORANDUM

TO: Heads of Executive Departments and Agencies

FROM: Russell T. Vought, Director, Office of Management and Budget;
Charles Ezell, Acting Director, Office of Personnel Management

DATE: February 26, 2025

RE: Guidance on Agency RIF and Reorganization Plans Requested by
Implementing The President's "Department of Government Efficiency" Workforce Optimization Initiative

I. Background

The federal government is costly, inefficient, and deeply in debt. At the same time, it is not producing results for the American public. Instead, tax dollars are being siphoned off to fund unproductive and unnecessary programs that benefit radical interest groups while hurting hard-working American citizens.

The American people registered their verdict on the bloated, corrupt federal bureaucracy on November 5, 2024 by voting for President Trump and his promises to sweepingly reform the federal government.

On February 11, 2025, President Trump's Executive Order *Implementing The President's "Department of Government Efficiency" Workforce Optimization Initiative (Workforce Optimization)* "commence[d] a critical transformation of the Federal bureaucracy." It directed agencies to "eliminat[e] waste, bloat, and insularity" in order to "empower American families, workers, taxpayers, and our system of Government itself."

President Trump required that "Agency Heads shall promptly undertake preparations to initiate large-scale reductions in force (RIFs), consistent with applicable law." President Trump also directed that, no later than March 13, 2025, agencies develop Agency Reorganization Plans.

KEY WORDS THAT FEDERAL AGENCIES ARE INSTRUCTED TO FLAG IN INTERNAL REVIEWS OF GRANT PROGRAMS

- Equity, diversity, DEI, DEIA, inclusion, equality, race
- Climate crisis; climate change; climate science; energy; clean energy; green energy; wind energy; energy transition; solar energy
- Green new deal; electric vehicle
- Gender; gender identity; transgender; LGBT; nonbinary
- Environmental justice; Justice 40

Reauthorization of the Economic Development Administration

EDA REAUTHORIZATION SIGNED INTO LAW

- On January 4 2025, the *Thomas R. Carper Water Resources Development Act of 2024* (S. 4367) was signed into law, following its passage in the House and Senate with overwhelming bipartisan support.
- The reauthorization of the EDA will strengthen and protect EDA's programs and will enhance key initiatives that are vital to the success of NADO members and Economic Development Districts across the country.
- The legislation also bolsters many of the core traditional programs that EDA has administered ever since it was originally authorized in the *Public Works and Economic Development Act of 1965*.

EDA REAUTHORIZATION BILL HIGHLIGHTS

Authorization Level for EDA Partnership Planning Grants

- The EDA reauthorization legislation includes the following authorized funding levels for Partnership Planning Grants:
 - \$90 million for Fiscal Year 2025
 - \$100 million for Fiscal Year 2026
 - \$110 million for Fiscal Year 2027
 - \$120 million for Fiscal Year 2028
 - \$130 million for Fiscal Year 2029
- **Authorization versus Appropriation Level**
 - The amounts listed above are authorized funding levels, not actual appropriated funding levels. In order for the authorized funding levels to be provided to Economic Development Districts, Congressional appropriators would still need to provide appropriated levels of funding that are equivalent to the authorized amounts. This has not yet happened.

EDA REAUTHORIZATION BILL HIGHLIGHTS

Federal Cost Share and Local Match for Partnership Planning Grants

- The EDA reauthorization legislation includes a provision that states that the Secretary of Commerce may increase the Federal Share for Partnership Planning Grants **up to 100 percent** of the total cost of the project. This is at the discretion of Commerce and EDA and is not something that the agency is required to do.

Baseline Cost Share for All EDA Grants

- The EDA reauthorization legislation includes a provision that increases the baseline cost share for all EDA grants from **50% to 60%**. This is a “floor” amount for the federal cost share of all EDA grants carried out under 42 U.S.C. § 3144.
- The EDA reauthorization legislation also includes a provision that states that any funds contributed by a Regional Commission for an [EDA] project may be considered to be part of the **non-federal share** of the project.

FEDERAL REGIONAL COMMISSIONS

The EDA reauthorization legislation updates the definitions of the Regional Commissions and enhances the ability of EDA to coordinate with the Regional Commissions. It also authorizes some new Regional Commissions. The following are the Regional Commissions outlined in the legislation:

- – The Appalachian Regional Commission
- – The Delta Regional Authority
- – The Denali Commission
- – The Great Lakes Authority
- – The Mid-Atlantic Regional Commission **(NEW)**
- – The Northern Border Regional Commission
- – The Northern Great Plains Regional Authority **(Newly reauthorized; previous authorization had lapsed)**
- – The Southeast Crescent Regional Commission
- – The Southern New England Regional Commission **(NEW)**
- – The Southwest Border Regional Commission



EDA Appropriations FY 2026

ECONOMIC DEVELOPMENT ADMINISTRATION APPROPRIATIONS

Economic Development Administration	FY 2020 Final	FY 2021 Final	FY 2022 Final	FY 2023 Final	FY24 House proposed	FY24 Senate proposed	FY24 Final	FY25 House	FY25 Senate	FY26 NADO REQUEST
EDA Total Appropriation	\$333 million	\$346 million	\$373.5 million	\$498 million	\$254.5 million	\$466 million	\$468 million	\$324.5 million	\$483 million	
Total – Economic Development Assistance Program	\$292.5 million	\$305.5 million	\$330 million	\$430 million	\$211 million	\$396 million	\$400 million	\$256.5 million	\$410 million	At least \$595 million is requested, which is the authorized funding level.
EDA Partnership Planning Grants	\$33 million	\$33.5 million	\$34.5 million	\$36 million	N/A	\$36 million	\$34.5 million	N/A	\$35.5 million	At least \$100 million is requested, which is the authorized funding level.

CONGRESSIONAL OUTREACH - APPROPRIATIONS

NADO encourages our membership to send letters to their members of Congress advocating for robust funding for EDA, and particularly for EDA Partnership Planning funding, in FY 2026 appropriations.

www.nado.org/advocacy-resources/

DRAFT EMAIL/LETTER TEMPLATE TO BE SENT TO YOUR SENATOR OR REPRESENTATIVE

Month day, 2025

Dear Senator/Representative,

On behalf of [my organization], as well as other Economic Development District (EDD) organizations similar to mine across the country that are federally designated by the U.S. Department of Commerce Economic Development Administration (EDA), I am reaching out to ask for your support in including **robust funding for EDA**, and particularly for **EDA Partnership Planning funding**, in FY 2026 appropriations.

Specifically, I encourage Congress to include at least \$100 million for EDA Partnership Planning in the final FY 2026 Commerce, Justice, Science, and Related Agencies appropriations bill.

\$100 million is the authorized funding level for EDA Partnership Planning, and I encourage Congress to provide an appropriated funding level that is equivalent to the authorized amount. As you may know, EDA and its programs were recently reauthorized when the *Water Resources Development Act (Senate Bill 4367)* was signed into law on January 4, 2025 following its passage in the House and Senate with overwhelming bipartisan support. Title II of the legislation, the *Economic Development Reauthorization Act of 2024*, reauthorized the EDA and many of its programs.

An increase in EDA Partnership Planning funding is particularly needed because, **currently, each locally-based EDD receives just \$70,000 annually, which is barely enough to cover the salary of one full-time staff person** who is tasked with carrying out EDA's federally-mandated requirements for local EDDs, such as the process of creating an updating a regional Comprehensive Economic Development Strategies (CEDS) plan for the region.

A funding level of \$100 million overall would provide closer to \$250,000 annually for each EDD, of which there are 400+ total across the country. This would allow most EDDs to hire and retain **at least two full-time dedicated staff members** to carry out EDA-mandated responsibilities.

EDA APPROPRIATIONS ADVOCACY

The enacted EDA reauthorization legislation **AUTHORIZED** higher funding levels for EDA Partnership Planning

Ask your Senators and Representatives to provide **APPROPRIATED** funding levels that are equivalent to authorized levels

www.nado.org/advocacy-resources/

<https://www.nado.org/wp-content/uploads/2024/12/EDA-Partnership-Planning-Appropriations-Fact-Sheet-FY-2026-Final.pdf>



Increase EDA Partnership Planning Funding in FY 2026 Appropriations

Economic Development Districts (EDDs) are local community-based organizations that station economic development professionals in towns and regions across the country. EDDs help their towns implement local economic development projects, leverage private sector funding, broker deals with companies and industry partners, and facilitate the creation of jobs for American workers. EDDs are supported in part by funding from the U.S. Department of Commerce Economic Development Administration (EDA). Although EDDs have been one of EDA's most important core local stakeholders since EDA's inception in 1965, their funding level has barely increased in well over a decade. This places a particularly heavy burden on rural communities and economically challenged regions. Action is critically needed to provide significantly more funding for EDA Partnership Planning, the appropriations line item that supports EDDs.

Although EDA's current overall annual appropriation level is 40% higher than it was five years ago, funds for local EDA Partnership Planning funds have increased by less than 5% within the same timeframe. This places an increasingly heavy administrative burden on the very same core local stakeholders that EDA is designed to support, by overburdening local communities with implementation responsibilities without providing enough funding for project planning and implementation, and without sufficient staff capacity. As a result, EDDs are under pressure to administer and manage high volumes of projects and to fulfill federally mandated responsibilities without sufficient support.

Recently, EDA and its core programs were reauthorized. On January 4, 2025, the *Thomas R. Carper Water Resources Development Act (Senate Bill 4367)* was signed into law, following its passage in the House and Senate with broad bipartisan support. Title II of the legislation, the *Economic Development Reauthorization Act of 2024*, reauthorized the EDA. In FY 2026, Congressional appropriators should provide appropriated funding for EDA that is equivalent to Congressionally authorized amounts.

Economic Development Administration	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 House Proposed	FY 2025 Senate Proposed	FY 2026 NADO Request
EDA Overall Appropriation	\$333 million	\$346 million	\$373.5 million	\$498 million	\$468 million	\$324.5 million	\$483 million	—
Total – Economic Development Assistance Programs	\$292.5 million	\$305.5 million	\$330 million	\$430 million	\$400 million	\$256.5 million	\$410 million	\$595 million is requested, which is the authorized funding level for core programs
Partnership Planning	\$33 million	\$33.5 million	\$34.5 million	\$36 million	\$34.5 million	Not specified	\$35.5 million	\$100 million is requested, which is the authorized funding level for Partnership Planning

Action needed: Congress should increase FY 2026 Commerce, Justice, and Science appropriations funding for EDA Partnership Planning to at least \$100 million, which is the authorized funding level.



Questions?