

PEYSER ASSOCIATES
LLC

Peter A. Peyser

September 19, 2025

Shutdown Looms as Both Sides Dig In

A government shutdown at midnight on September 30 now appears to be a strong likelihood. Over the past week, Republican and Democratic leaders have each taken policy and procedural stands intended to demonstrate the stark contrast between their approaches – there is no effort underway to reach a bipartisan solution that would garner the 60 votes needed to pass a CR in the Senate.

On the Democratic side, House and Senate leaders detailed their demands for a CR this week. They called for a CR only until October 31 and demanded that it include a permanent rollback of the Medicaid cuts included in the “One Big Beautiful Bull,” the permanent extension of Affordable Care Act premium subsidies, the restoration of cuts to other health programs, and more funding for security for House and Senate Members than proposed by the GOP. The Democratic resolution also includes a provision that would prevent the President from enacting a unilateral rescission of funds through the novel “pocket rescission” approach the OMB is planning to use to pull back additional foreign aid funding.

For their part, Republican leaders declared the Democratic proposals a non-starter for the CR and are forging ahead with a “clean” CR through November 21. Their bill includes one significant “anomaly,” which is funding for Member security – although much less than proposed by Democrats.

The House is planning a vote this morning on their resolution and it appears the Speaker has the votes needed on the GOP side to pass it. It is unlikely the measure will receive any Democratic votes. The action will then move to the Senate which is planning two votes today – one on the Democratic resolution and one on the Republican one. Neither one is expected to get 60 votes.

On the procedural front, House Majority Leader Steve Scalise (R-LA) yesterday said the House may go out of recess today and not come back before October 1. This would make it impossible to prevent a government shutdown unless the Senate passes the House-passed measure. As noted above, that is highly unlikely.

Safety and Security Issues Front and Center at APTA Conference

FTA Administrator Marc Molinaro made his debut appearance in front of the transit industry at large at this week’s APTA TransFORM conference. Appearing at several committee meetings on Sunday and speaking at a general session on Monday he made clear at every opportunity that the Administration’s focus on safety and security on public transit is going to continue and likely intensify.

One of Molinaro's key points was that quoting statistics about falling crime rates on transit will not assuage the concerns of the Trump Administration or the general public. His view, often stated by Secretary Duffy as well, is that transit riders don't feel safe and that quoting statistics to them will not by itself make them feel safer. He made it clear the Administration expects concrete action by transit agencies to reduce crime and the presence of homeless and mentally ill people on their systems.

Molinaro also spoke in general terms about reauthorization of transit programs. His main talking point was that the Administration believes there should be a higher bar to get a funding commitment from the FTA but that project delivery should be easier. It was not clear what that "higher bar" would be based on his comments.

Senators Introduce Bill on Transit Crime

Senate Banking Committee Chair Tim Scott (R-SC) this week introduced a bill to require FTA to report annually to Congress on crime on transit systems and to create a task force that would make recommendations in two years on how to combat crime on transit. He was joined in proposing the measure by Sen. Thom Tillis (R-NC). In a statement included in the press release issued on the introduction, Sen. Tillis referenced the recent killing on Charlotte light rail in his home state in making the case for the bill.

The bill has three major provisions. It would:

- Require the Secretary of Transportation to submit an annual report to the Senate Banking Committee and House Transportation and Infrastructure Committee detailing all crimes reported to the National Transit Database (NTD).
 - Direct the FTA Administrator to establish a task force to identify potential regulatory, deregulatory, or legislative actions by transit agencies that would enhance safety on public transportation. The 13-member task force will include the FTA Administrator (as chair), five transit agency leaders representing diverse geographies and systems, three representatives of law enforcement agencies, two transit workers, and two representatives from national transit associations.
 - Mandate the task force to submit recommendations to Congress within two years of enactment, including an interim report due at the end of the first year.
- Given Sen. Scott's position as the chair of the committee with jurisdiction over transit, this legislation is highly likely to find its way into the Senate version of reauthorization whenever that emerges.

September 12, 2025

Shutdown Prospects Increase as Party Leaders Clash on Scope of CR

A showdown over a Continuing Resolution (CR) is approaching and this week's events raised the potential for a government shutdown to occur at the end of the month. The primary point of conflict at the moment is over the issue of Obamacare premium subsidies.

Because Congress has failed to act on proposals from Democrats to extend the subsidies on health exchange premiums for certain policyholders, health insurance premiums for millions of Americans are scheduled to increase on January 1. This week House Minority Leader Hakeem Jeffries and Senate Minority Leader Chuck Schumer (both D-NY) made clear that neither they nor their caucuses would support any CR that did not extend the subsidies. This stance is of particular impact in the Senate where at least seven Democratic votes will be needed to pass a CR and keep the government open.

Sen. Schumer refused to stand firm on the issue of Obamacare subsidies back in March when the current CR came to the Senate floor. He decided to support that CR and brought enough of his colleagues along to secure passage of the bill. He was excoriated by many Democrats in Washington and New York for his position at that time. Given the strength of that reaction and the actions of the Trump Administration since March, Senator Schumer apparently concluded he could no longer cooperate with GOP leaders absent this key concession.

On Wednesday, Senate Majority Leader John Thune (R-SC) said he would not give in to Democratic demands and opined that Sen. Schumer is misreading the sentiments of his caucus. Apparently, the Leader believes there are seven Democrats who will not insist on the extension of subsidies.

While this drama was unfolding on the Senate side, the House began gearing up for a vote on a CR next week. House Appropriations Committee Chair Tom Cole (R-OK) continues to push for a CR through November 20. He also wants to attach to the CR three spending bills: Agriculture/FDA; Military Construction/VA and Legislative Branch. His leadership is indicating they are willing to attach those measures to the CR but has not yet committed to the length of time the CR would cover. The White House is requesting a CR through January and House GOP leaders are working to sort out the right path forward.

After next week, Congress is slated to be on recess the week of September 22nd for Rosh Hashanah and to return on Monday, September 29th. This means there are only seven days of session before the deadline for action to keep the government open. House Speaker Mike Johnson (R-LA) said last week he wants to see an old-school House-Senate Conference Committee convene to hash out the details of the three spending bills to be attached to the CR. Reaching an agreement on those three measures in the remaining time before September 30 will be very difficult.

All of this points to a high-stakes battle over the next 18 days.

FTA Kicks Five Projects Out of the CIG Pipeline and Threatens Status of Three More

In an unprecedented move, the Federal Transit Administration on Monday removed five transit projects from the CIG pipeline and put three other projects on notice that their status in the program was in jeopardy.

The most consequential removal was of the Inglewood Transit Connector project in Los Angeles County. That project was placed in the Engineering Phase of the CIG New Starts program in December of 2023 with a reservation of \$1 billion in federal funds. This writer is unaware of any project in the Engineering phase of development ever removed from the pipeline unilaterally by the FTA.

Besides the Inglewood project, the other four were all Small Starts projects. They include:

- Miami E-W Corridor Rapid Transit – entered Project Development (PD) in 2021
- Tampa Streetcar Extension – entered PD in 2018
- Seattle Culture Connector streetcar – entered PD in 2014
- Milwaukee North-South BRT – entered PD in 2023.

The FTA also issued “warning letters” to two Small Starts projects: the Hunstville, AL University Medical BRT and the New Orleans East-West Bank BRT. The warning letters encourage the sponsors to make swift progress advancing those projects to retain their place in the pipeline.

The final FTA action affects the transit element of the I-5 Interstate Bridge Replacement Program connecting Washington and Oregon. That project had requested a one-year extension on its original deadline to complete Project Development by September 6, 2025. They were told FTA would extend it only for 30 days while it evaluates further the request. This means this long-sought transit connection for the Portland-Vancouver region is on the bubble.

In communicating with project sponsors the FTA indicated their projects had not made sufficient progress towards construction to remain in the program. The application of this standard to these projects does not appear to conform to past FTA practice or program guidance. In particular, with regard to the Inglewood project, FTA’s CIG guidance makes clear there is not a timeline for completing the Engineering phase of development. The guidance does indicate that the agency will review a project when it is three years in the Engineering phase to determine if it is making “sufficient progress” towards committing non-CIG resources and advancing project design. The Inglewood project is 15 months shy of its third anniversary in the Engineering phase.

These actions bring a level of political risk to the CIG process that has not been a feature of the program over the FTA CIG program in its 40+ years of existence in one form or another. Time will tell what impact this will have on the pipeline of projects.

It is worthy of note that in the past when FTA took steps to unilaterally change policy regarding matching shares or was slow-walking project approvals, Congress stepped in to reverse their policy and in some cases mandate that FFGA’s be issued to projects when they achieve readiness. Project sponsors for the some of the projects affected by Monday’s actions may already be talking to their congressional delegations about a legislative reversal of these actions.

Transit Safety at Center Stage After Charlotte Killing

The release last Friday of security camera footage of the brutal stabbing murder on August 22 of a woman on a Charlotte light rail train has once again pushed the issue of safety and security on public transit to the center of national debate.

The man captured on video committing the murder of 23 year-old Iryna Zarutka was reported to be a mentally ill man experiencing homelessness with 14 prior arrests. These facts of the case fueled a strong response from the President and Secretary of Transportation Sean Duffy. President Trump took to social media on Wednesday to call for imposition of the death penalty for the killer. The Department of Justice this week leveled federal charges against him for causing death on a mass transit system – a category of crime considered to be terrorism and punishable by death. He also faces state charges.

Secretary Duffy issued a strong statement as well, saying in part:

“Local leaders’ soft on crime policies are directly responsible for Iryna’s tragic death, and they will continue to put the traveling public at risk. This administration is taking a whole of government approach to hold these progressive, weak politicians accountable for allowing violent assailants to terrorize our public transit systems. At USDOT, that means investigating CATS and other transit agencies to determine whether they are taking the necessary actions to keep riders and transit workers safe.”

FTA Associate Administrator Joe DeLorenzo sent a letter to CATS, the Charlotte transit agency, to inform them of an FTA investigation of CATS’s efforts to protect operators and riders on their system from criminal activity.

This incident is likely to contribute to the continuing statements from Secretary Duffy about security on transit systems. Up to this point, FTA Administrator Marc Molinaro has been praising actions by transit agencies to beef up security but has not been as critical of transit security as the Secretary.

DOT Staff Discusses Upcoming Grant Actions

In a briefing Wednesday for intergovernmental stakeholders, DOT Director of Intergovernmental Affairs Connor Torassian gave an update on some expected grant-related actions. Here are the upcoming actions he discussed:

- Build Grants – NOFO expected in November with awards to come in June.
- Safe Streets for All – Awards to be announced by the end of the year.
- Rail Grants – “Large NOFO” coming in the immediate future.
- Bus Discretionary Grants – Applications under review for Bus and Bus Facilities and Low-No grants. (Statutory award date is October 15).

FTA Published Full-Year Apportionments Including Discretionary Programs

The FTA this morning released full-year FY 2025 apportionments for all of its programs. Previous notices of apportionments had left out the CIG program and other discretionary programs. The notice published today apportions only about 50% of the available to CIG funds and only to the six New Starts programs with Full Funding Grant Agreements. So this is not the last word on FY 2025 apportionments. Click [HERE](#) for the notice that will be published in the Federal Register and click [HERE](#) to go to the FTA apportionments page.

August 29, 2025

Transportation Update from Peyser Associates

FTA Seeks Comments on CIG Program Guidance Changes

The Federal Transit Administration last week published a Request for Information (RFI) seeking stakeholder input on changes to agency guidance on the Capital Investment Grant program project evaluation process. The stated goal of the RFI and the new proposed guidance likely to follow is to find ways “to increase the accountability of project sponsors and ensuring federal investment in the most successful projects.”

The RFI seeks comments in a variety of areas. These include:

- Program structure – Effectiveness of current categories (New Starts, Small Starts, Core Capacity).
- Process and timelines – Opportunities to streamline approvals and reduce uncertainty.
- Evaluation criteria – Appropriate measures of project benefits (ridership, environmental, equity, economic).
- Innovation – Support for new technologies and project delivery approaches.
- Transparency – How FTA can make project evaluation and decision-making clearer.

The RFI makes clear that FTA is seeking comments only on how to improve the program based on current statutory requirements. They are not seeking comments that suggest statutory changes. While this restriction limits the scope of comments, it still presents an opportunity to suggest very significant changes to the way FTA evaluates projects.

The deadline for responses is September 18. Click [HERE](#) to see the notice.

Congress Set to Return As Uncertainty Over Spending Bills Grows

The House and Senate return from their August break next week with the end of the fiscal year – and a possible government shutdown – looming on September 30. Little progress was made during the past month to prepare for action on fiscal 2026 spending bills.

In conversations with congressional staff and advocates in recent weeks, it is clear that the prospects for a government shutdown of some length of time and/or a full-year continuing resolution (CR) are growing. With regard to a full-year CR, there are rifts on the GOP side in

the House and Senate over the merits of that approach. More conservative Members have shed their historic aversion to the idea because they believe a short-term CR on October 1 will tee up the kind of high-stakes negotiations between the House and Senate that they believe would lead to higher spending. On the Democratic side, while most Members are concerned about yet another full-year CR, there are others who see it as protection from GOP policy riders that they view as harmful.

If negotiations over the path forward start to raise the threat of a government shutdown on October 1, the shifting political dynamic increases the potential for that to occur. Most of the shift is on the Democratic side. A small but not insignificant number of Democratic House and Senate Members are coming around to the idea that their traditional role as the bulwark against shutdowns is not serving them well in their battle against the Trump Administration. Sen. Corey Booker (D-NJ) gave voice to this last month in comments during his 24-hour filibuster on the Senate floor and in comments to reporters after. The new Democratic National Committee Chair, Ken Martin, joined the chorus calling for a tougher response to Trump policies when he said last week that he was sick of Democrats “bringing a pencil to a knife fight.” While Martin is not widely respected by inside-the-beltway Democrats, this phrase is catching on.

Democratic leaders are not yet picking up this line, but they are slowly ratcheting up their rhetoric. Yesterday, the House and Senate Minority Leaders, Hakeem Jeffries (D-NY) and Chuck Schumer (D-NY), sent a letter to their GOP counterparts indicating that the only way to avoid a shutdown is through bipartisan cooperation. They called for a meeting next week to chart a bipartisan path forward. This is a veiled threat that if the GOP leaders don’t work in a bipartisan way on spending bills, they can’t expect Democrats to help them pass a CR at the end of the month.

A further complication to this already difficult process emerged yesterday when the President proposed a \$5 billion rescission of foreign aid and international organization funding while asserting the move is a “pocket rescission” – a new way for the President to unilaterally cut government funding. (See below). This move will outrage Democrats.

President Trump yesterday sent Congress notification of a “pocket rescission” of \$5 billion of USAID and Department of State spending on aid and international organizations. The notification tests a theory backed by OMB Director Russell Vought that the Impoundment Control Act allows a president to unilaterally cut spending if the end of the fiscal year comes before the expiration of the normal 45-day period during which Congress must approve a rescission for it to become effective. This stands on its head the requirement in statute that Congress must vote affirmatively on a rescission request within the time limit for it to take effect.

If GOP leaders want to avoid a potential showdown in the courts over this move, they will schedule a vote in September to try to approve it. But if the Administration wants to use this as a way to get the Supreme Court to weigh in on the larger question of the constitutionality of the Impoundment Control Act, the leaders may decide not to try to assert the congressional power of the purse so that the issue will be joined.