MEMORANDUM

TO:	Mayor and City Council
THROUGH:	Jon Fortune, Deputy City Manager
FROM:	Carrie Rogers, Government Relations Officer
DATE:	Tuesday, July 15, 2025
SUBJECT:	**Office of Government Relations – Federal Legislative Update**

The Government Relations Office continues to monitor federal administration actions along with recent legislation to gauge adverse impact relating to direct and discretionary funding awarded to the City of Austin. For reference, budget actions may be referred to as President Trump's Fiscal Year (FY) 2026 Budget Proposal ("skinny" budget), H.R. 1 / Reconciliation Bill – The Big Beautiful Bill, and FY 2026 Appropriations Bills.

FY 2025 Continuing Resolution

For the current fiscal year, most federal agencies and programs are funded with FY 2024 budget numbers under a Continuing Resolution (CR), signed into law in March 2025, which expires September 30, 2025. The CR cancelled all pending FY2025 Community Project Funding (CPF) requests that were included in the House and Senate versions of FY 2025 appropriations bills.

It is worth noting, the Federal Emergency Management Agency (FEMA) budget was reduced by $294 million, with its current budget now at $49 billion. Some of this reduction was offset with unobligated dam safety grants. FEMA's Disaster Relief Fund received $22.51 billion for FY25. However, even with the additional resources added to FEMA's projections, the major disasters portion of the fund was expected to be depleted in June 2025 unless measures were taken to slow the rate of obligations. The most recent FEMA monthly report published on Friday, July 11, 2025, now indicates fund exhaustion by September 2025.

The FY 2026 "Skinny" Budget Proposal

The President sent his FY 2026 proposed budget to Congress in the spring. His "skinny" budget request to Congress includes deep cuts to workforce and non-Defense discretionary programming at several agencies, including the Housing and Urban Development (HUD) Department, the Department of Transportation (USDOT), the Department of Health and Human Services (HHS), the Department of Labor, and the Environmental Protection Agency (EPA).

Most notably, the President's proposed budget calls for the elimination of CDBG and HOME, and for $26.7 billion (46.7%) in cuts and major changes to core housing programs, including combining all housing programs into a state block grant and limiting housing assistance for most households to two years.

H.R. 1 / Reconciliation Bill

On July 4, 2025, President Trump signed H.R. 1, also known as the *reconciliation bill*. H.R. 1 is effective 45 days from the date of signing.

A budget reconciliation bill is special legislation that is most often used to make changes to tax law and mandatory spending programs. They also often include one-time infusions of discretionary spending. Budget reconciliation bills cannot be filibustered in the Senate, but Senate rules limit what can be included in a budget reconciliation bill, generally limiting them to provisions that have a significant impact on spending or revenue and barring policy changes that have little or no budgetary impact or that are primarily driven by policy rather than budgetary concerns.

With the President's signature on H.R. 1, the much-discussed reductions lingering since January are now the law. At the broadest level, highlights of the budget reconciliation bill are as follows:

Increase spending (including tax expenditures) by approximately $5 trillion over 10 years

- Extension of individual and corporate tax cuts enacted in 2017 that are set to expire at the end of this year (approximately $4.354 trillion).
- New individual and corporate tax cuts (approximately $702 billion).
- Supplemental appropriations for immigration, border, and customs enforcement ($185 billion).
- Increase Department of Defense spending ($150 billion).

Savings over 10 years – about $2 trillion

- Reductions in Medicaid spending (approximately $1 trillion).
- Reductions in SNAP (food stamps) spending ($186 billion).
- Elimination or phase out of clean energy investment and production tax breaks from the 2022 Inflation Reduction Act (IRA) ($543 billion).
- Rescission of unobligated balances from IRA grant programs ($18 billion).

Select Provisions of Interest to Local Governments

- The bill does NOT include any change to the tax-exempt status of municipal bonds or private activity bonds.
- An increase in the deduction for State and Local Taxes (SALT) from $10,000 to $40,000 for 2025 through 2029, with the cap increased by 1% per year and phased out for taxpayers with a modified adjusted gross income (MAGI) exceeding $500,000 and the deduction reduced by 30% for every dollar over the threshold, reaching the original $10,000 limit when MAGI reaches $600,000.
- No moratorium on state and local regulation of AI (included in the original House-passed version bill but struck (99-1) by the Senate).
- A permanent extension and expansion of Low Income Housing Tax Credit.
- Permanent extension of New Markets Tax Credits.
- Provides permanent extension of and changes to the Opportunity Zones Program.
- A $625 million appropriation for Homeland Security grants to FIFA 2026 World Cup host cities,
- Rescission of unobligated balances from almost all IRA grant programs, including Neighborhood Access and Equity, the Greenhouse Gas Reduction Fund, Climate Pollution Reduction Grants, Green and Resilient Retrofit for Multifamily Housing, and Diesel Emission Reduction Grants.
- A $12 billion appropriation to improve Air Traffic Control.

- New Customs and Border Protection agents at international airports as part of the bill's $60 billion appropriation for the agency.

Current City of Austin Grants and Programs Impacted *($155.3 million)*

Based on the information we have today, the following are impacts resulting from federal executive orders and H.R. 1. See Attachment A for additional information.

Public Health: The U.S. Department of Health and Human Services is cutting $11.4 billion in COVID-related funds. As a result, on March 25, Austin Public Health (APH) received a cancellation notice for contracts ending on March 24, 2025. The contract withdrawal directly impacted funding to seven grants, resulting in the following impacts, where nearly $900,000 in awarded grant funding was retracted.

Infrastructure: Additional impacts include the rescission of unspent Reconnecting Communities and Neighborhoods funds, including the $105 million grant awarded to the City of Austin in 2024.

Also, in April, FEMA cancelled a $50 million grant awarded to the City of Austin under the Building Resilient Infrastructure and Communities (BRIC) pre-disaster mitigation grant program for improved flood damage protection for the wastewater treatment plant and energy plant on Falwell Lane. Over the weekend, the City requested a reinstatement of this grant.

Following executive orders issued early in the new administration to pause federal funding, USDOT has been reviewing approximately 3,000 grants for compliance with the President's directives. As of July 9, 2025, USDOT staff are reportedly about half-way through the grants inventory. However, USDOT and the Federal Highway Administration (FHWA) division have seen a 60% reduction in staff due to the employee retirement buyouts and related workforce changes under the new administration.

For a comprehensive list of national cuts, the Democratic leaders of the House and Senate Appropriations Committees have developed a tracker of the various programs subject to funding freezes since the start of the Trump Administration. Their estimate is that more than $425 billion has been blocked over the last six months.

Austin Energy

Via the reconciliation bill and as noted above, federal support for new wind and solar projects has been cut dramatically, with limited opportunities for projects to take advantage of the Investment Tax Credit (ITC) or Production Tax Credit (PTC) in the coming months. These changes are likely to weaken project economics and slow the pace of wind, solar, and utility-scale battery storage development paired with solar. See Attachment B for more information.

- Tax credits for existing nuclear power and new zero-carbon energy sources other than wind and solar (e.g., geothermal and energy storage) were largely preserved. We expect benefits of these tax credits will be complicated by extensive new rules relating to "Foreign Entities of Concern" (FEOC).
- Tax credits for energy efficiency, rooftop solar expire on December 31, 2025. EV charging infrastructure expires June 30, 2026.
- Repeal of regulatory and tax incentives for EV purchases and manufacturing.
- Rescinds funding for the Greenhouse Gas Reduction Fund, effectively defunding EPA's Solar for All program through which a Texas coalition of local governments, led by Harris County, were awarded $249 million in 2024. The City of Austin's portion is $32 million for solar and battery

storage upgrades in disadvantaged communities. While the law cuts off future appropriations, legal precedent suggests that EPA is still obligated to honor existing grant agreements. **The enforceability of existing obligations – including disbursement of funds for Austin Energy's Solar for All program – is uncertain and may be subject to litigation and administrative reinterpretation.**

General Tax Credit Changes

- *Foreign Entity of Concern (FEOC) Provisions:* OBBBA restricts tax credits for energy projects owned, controlled, or materially assisted by Prohibited Foreign Entities (PFEs). PFEs include Specified Foreign Entities (SFEs)—such as Chinese military-linked companies, sanctioned or forced labor-listed firms, and certain Chinese solar and battery manufacturers—as well as Foreign Influenced Entities (FIEs), which are entities substantially owned, financed, or controlled by SFEs.
- *Transferability:* Credits cannot be transferred to an SFE. Otherwise, transferability remains intact.
- *Direct Pay:* No significant changes were made to direct payment of tax credits to tax-exempt entities.
- *Depreciation:* Wind and solar projects that begin construction in 2025 or later will no longer be eligible for accelerated 5-year depreciation unless they qualify for the ITC or PTC.
- *Tax Credit Guidance:* Treasury is expected to issue guidance making it more difficult for wind/solar projects to qualify for tax credits during the phaseout period (projects that begin construction after Dec. 31, 2025).

Consumer Tax Credits

- *Clean Vehicle Credits (25E, 30D, 45W)*: All tax credits for electric vehicles (EV) (new, used, commercial) are repealed for vehicles purchased after September 30, 2025.
- *EV Charging Credit (30C):* Repealed for chargers placed in service after June 30, 2026.
- *Residential Energy Credits (25C, 25D)*: Credits for energy efficiency home improvements and residential clean energy projects expire for projects placed in service or costs paid after December 31, 2025.

Clean Electricity

- *Clean Electricity Investment Credit (48E)* & *Clean Electricity Production Credit (45Y)*: Wind and solar projects must be placed in service by December 31, 2027, if construction begins more than one year after enactment. Projects starting earlier face no deadline and receive full credits. Credits no longer apply to leased residential solar water heating or small wind systems. Projects beginning after December 31, 2025, cannot receive material assistance from PFEs.

Other Tax Credits

- *Zero-Emission Nuclear Power Production Credit (45U)*: Starting in 2028, taxpayers must certify that any nuclear fuel is not sourced from "covered nations" or entities unless under a contract signed before January 1, 2023.
- *Clean Hydrogen Production Credit (45V)*: Facilities that commence construction after December 31, 2027, will no longer be eligible. New FEOC rules will not apply to this credit.

Other Energy Provisions

- Prohibits penalties for violations of Corporate Average Fuel Economy standards that require automakers to produce more efficient vehicles. This leaves the program unenforceable and will disincentivize production of EVs and PHEVs.
- Funding for DOE's Loan Programs Office (LPO) was cut from $5 billion to $1 billion, significantly reducing the LPO's ability to finance energy projects.
- Unobligated grant funds from Inflation Reduction Act (IRA) programs were rescinded.
- The authorizing statute for the Greenhouse Gas Reduction Fund – which authorizes the Solar for All program – was repealed. This leaves the Solar for All program in a legal gray area.
- Significant changes were made to the Advanced Manufacturing Production Credit (45X) and Clean Fuel Production Credit (45Z) that are not summarized here. Subsidies for wind turbine production under 45X were significantly limited, and metallurgical coal that is used to primarily make steel was added as a critical mineral eligible for federal tax credits.

FY 2026 Appropriations Bill

Congress is working through the 12 Appropriations bills and doing so under tight caps on non-Defense discretionary spending that will put pressure on many programs of interest to the City. The 12 annual Appropriations bills cover approximately 26% of federal spending each year. This legislation is where Community Project Funding (CPF) requests are considered.

Anticipated Future Program Impacts *(~$27 million)*

Based on the information we have today, the following are *anticipated* impacts resulting from federal executive orders and the FY26 Appropriations bill, still in development.

Public Health

The full extent of public health budget reductions for FY26, based on the latest federal and state appropriations, remains unclear. Public health grants are at risk due to changing federal funding priorities. **Currently, $9.3 million in core public health grants and $6.6 million in community-based HHS grants are considered at risk.**

Housing

In February 2025, public reports began circulating of a planned 50% reduction in staff across the entire workforce at HUD. In some HUD divisions, the cuts could be deeper – up to 84% at HUD's Office of Community Planning and Development (CPD) – according to reports. Such a drastic reduction would likely have a significant impact on efforts across the nation to address homelessness and make housing more affordable. Until recently, President Trump's goal to carry out mass firings was blocked in court. As of July 8, 2025, the Supreme Court cleared the way for Trump to continue plans to reduce programming and employees at federal agencies, including HUD. It is expected that the earlier anticipated reduction in force could be revealed in the coming weeks.

As outlined above, the President's FY 2026 budget request released in the spring included eliminating HOME and Community Development Block Grant (CDBG) programs. On May 14, 2025, the City of Austin received notification from HUD of the FY26 grant awards (CDBG, HOME, ESG, and HOPWA). The City anticipates receiving slightly more than $14 million in HUD block grant funding for FY25. However, if CDBG and HOME program funding are eliminated, and ESG and HOPWA are consolidated, **nearly $11 million is at risk for FY26.** The House Appropriations Committee is scheduled to consider the FY 2026 Transportation-HUD Appropriations bill next week.

On a related note, the City of Austin was among a select group of stakeholders across the country invited by Congressional leadership to provide input on the legislation to the House Housing and Insurance Subcommittee on reauthorization and reform on CDG and HOME. The Subcommittee has scheduled a hearing on HOME reauthorization in Washington on Wednesday, July 16. (Of course, reauthorization and reform of CDBG and HOME would be moot if Congress zeros out their funding.)

Austin Energy
As noted earlier, energy-related tax credits will wind down over the next 12-48 months, with EPA funding in FY26 expected to see a significant decrease.

Next Steps
H.R. 1 will be effective August 18, 2025. It is anticipated we may receive notifications related to the above programs and funding – and possibly additional impacts – prior to that date.

The next federal budget year (FY 2026) begins October 1. However, as we have seen in more recent years, that deadline has continued to be missed, with Congress instead approving a Continuing Resolution (CR) to keep the government funded. On Monday, July 14, Mayor Watson sent a letter to the Texas Congressional delegation reaffirming the City's federal budget priorities. See Attachment C.

This fall, Congress is expected to take up the reauthorization of federal surface transportation legislation, with the goal of completing it before the midterm elections. In addition, the City is leading local government efforts to allocate a greater share of federal surface transportation funds to local areas.

Our office will continue to keep you apprised of new developments. Should you have any questions or concerns, please contact Carrie Rogers at 512.923.7577 or carrie.rogers@austintexas.gov.

cc: T.C. Broadnax, City Manager
Erika Brady, City Clerk
Corrie Stokes, City Auditor
Mary Jane Grubb, Municipal Court Clerk
Judge Sherry Statman, Municipal Court
CMO Executive Team
Department Directors
Office of Government Relations

Encl: Attachment A – Grants Status Since January 20, 2025
Attachment B – Energy Legislation Key Implementation Dates
Attachment C – City of Austin Letter / FY26 Congressional Budget Priorities
Attachment D – City of Austin Request for Reinstatement of BRIC Grant for Austin Flood Resilience Projects

Attachment A – Grants Status Since January 20, 2025 (Executive Orders and H.R. 1)

Subject to Change

Dept	Grant	Grant Budget / Award	Initial Contract End Date	Pause-or Term Date	Budget Remaining / Impact / Loss	Status
ACME	Future 35 Artists-in-Residence	$75,000	N/A	5/31/25	$75,000	Relating to the Cap and Stich project. Eliminated per Executive Order.
AE	Solar for All	$31,590,000	N/A	N/A	$31,590,000	Grant agreement executed. Future uncertain. Have not yet initiated first drawdown for reimbursement.
AE	EV Charger Reliability and Accessibility Accelerator (IIJA)	$270,000	N/A	1/20/25	$270,000	Paused via Executive Order.
AE	EV Charging Stations (IIJA)	$15,000,000	N/A	1/20/25	$15,000,000	Paused via Executive Order.
APH	CDC COVID-19 Health Disparities	$4,087,502	5/31/25	3/24/25	$4,087,502	Eliminated per Executive Order. Fully expended before recission. No reimbursement.
APH	COVID-19 Vaccination Capacity	$8,706,182	6/30/25	3/24/25	$887,332.37	Eliminated. Remaining budget retracted per Executive Order.
APH	COVID-19 Epidemiology and Laboratory Capacity (ELC)	$1,653,091	7/31/26	3/24/25	$1,259	Eliminated. Remaining budget retracted per Executive Order.
CDS	Building Resilient Infrastructure Communities (BRIC)	$50,000,000	12/11/25	4/04/25	$47,503,949	Flood infrastructure at AW's South Austin Regional Wastewater Treatment Plant and AE's Sand Hill Energy Center. Eliminated. Approximately $2.5M obligated before recission.
CDS	Climate Pollution Reduction (CPRG) Planning Grant	$1,000,000	N/A	8/18/25	$1,000,000	Grant to fund mobility support. Rescinded via Executive Order.
PARD	Outdoor Recreation Legacy Partnership (ORLP)	$4,000,000	N/A	4/24/25	$4,000,000	Grant to fund John Trevino Jr. Metro Park remains paused per Executive Order.
TPW	Neighborhood Access Equity (NAE)	$105,000,000	N/A	1/21/25	$105,000,000	Grant to fund 5.3-acre Cap & Stitch Project. Rescinded via HR 1.
TPW	Climate Pollution Reduction Grant	$47,854,062	N/A	TBD	$47,854,062*	Coordinated regional approach to transportation demand management (TDM). *Three drawdowns for reimbursement successfully completed.
Since January 20, 2025: $257,269,104*						

Attachment B – Energy Legislation Key Implementation Dates

Date	Implementation
Dec. 31, 2024	Wind, solar, and storage projects beginning construction by this date remain eligible for 5-year accelerated depreciation.
June 16, 2025	Facilities using components acquired before this date are exempt from FEOC provisions if construction begins before August 1, 2025, and is placed in service by January 1, 2030 (or January 1, 2028, for some solar/wind).
August 18, 2025	Treasury to issue stricter FEOC guidance and clarify "commence construction" milestones.
Sept. 30, 2025	Termination of Used Clean Vehicle Credit (25E), Clean Vehicle Credit (30D), and Qualified Commercial Clean Vehicle Credit (45W)
Dec. 31, 2025	Termination of Energy Efficient Home Improvement Credit (25C) and Residential Clean Energy Credit (25D)
	Clean Fuel Production Credit (45Z) applies to fuel sold after this date
	FEOC requirements come into effect for all projects that begin construction after this date
June 30, 2026	Termination of Alternative Fuel Vehicle Refueling Property Credit (30C), Commercial Buildings Deduction (179D), and New Energy Efficient Home Credit (45L)
July 4, 2026	Wind/solar projects beginning construction within 12 months of OBBBA enactment are exempt from placed in-service deadline for Clean Electricity Credits (48E and 45Y)
Dec. 31, 2027	Termination of Clean Hydrogen Production Credit (45V) and Wind Component Manufacturing Credit (under 45X) Wind/solar projects that begin construction after the 12-month enactment window must be placed in service by this date
	Zero-Emissions Nuclear Fuel Restrictions: Nuclear fuel sourcing restrictions begin
Dec. 31, 2033	100% Clean Electricity Credit (45Y & 48E) for non-wind/solar projects beginning construction in 2033
Dec. 31, 2034	75% Clean Electricity Credit for projects beginning construction in 2034
Dec. 31, 2035	50% Clean Electricity Credit for projects beginning construction in 2035
January 1, 2036	Clean Electricity Credits phaseout ends: No credit for construction beginning after 2035

Attachment C – City of Austin Letter / FY26 Congressional Budget Priorities

July 14, 2025

The Honorable John Cornyn
United States Senate
517 Hart Senate Office
Washington, DC 20510

Dear Senator Cornyn,

On behalf of the City of Austin, I write to share our priorities for the FY 2026 appropriations legislation.

The **City of Austin has the best performing economy among the top 50 metros** in the United States over the last 5 years, with GDP increasing 39% in real terms, and Austin ranks 8th with 4.5% growth over the last year. Austin is the **10th best performing in job growth** among the top 50 metros, adding 22,700 jobs, or 1.7% growth, in the year ending in December.

Supporting this growth and preserving our high quality of life requires that we maintain a strong housing and infrastructure environment for the many choosing to call Texas home. In this spirit, we share with you priorities that are the foundation of the federal-local partnership and critical to supporting this growth.

Local-Federal Partnerships
Through our partnership with the federal government, cities have worked to create opportunities for all our residents and to attract economic development, benefiting both urban and suburban communities.

The FY 2026 appropriations bills should continue to build upon bipartisan proposals that advance the federal-city partnership that has yielded strong economic growth over the decades. US Metro cities and suburbs now are home to over 90% of the nation's Gross Domestic Product (GDP); 88% of its jobs; 93% of economic growth; and 76% of job growth in 2024. Our metro economies provide the infrastructure and ecosystem for our nation's future economic growth.

We supported the following provisions in the reconciliation bill which would have strengthened America and addressed critical national needs. These priorities remain critical to us as the appropriations bills advance.

Housing and Homelessness

- Provide full funding of the Community Development Block Grant (home repair, infrastructure in LMI communities, mental health, youth services, and senior services) and HOME Investment Partnership (Tenant Based Rental Assistance, Down Payment Assistance, and new construction) programs, along with increased resources for FHA mortgage insurance, rental

assistance, and affordable housing programs to further address our housing crisis. and public services.

- Provide full funding to renew all existing Housing Choice Voucher (HCV) contracts. The City of Austin works closely with the Housing Authority of the City of Austin (HACA) to provide rental assistance to low-income families. In addition, HACA is a crucial partner in the City's efforts to end homelessness through a partnership to bring Project Based Vouchers to City sponsored Permanent Supportive Housing. Robust funding of the HCV program is a foundation piece of the community's Homeless Response System.
- Provide at least $4.92 billion for McKinney-Vento Homeless Assistance Grants (HAG), including at least $500 million for Emergency Solutions Grants, and $39 billion for Tenant-Based "Section 8" Rental Assistance (TBRA). These programs have been particularly effective in providing housing and wraparound services that successfully transition individuals experiencing homelessness into permanent housing, all the more important with the growing youth homeless population.
- Ensure sufficient funding to maintain existing vouchers under the Emergency Housing Voucher Program.
- Ensure consistent funding for HUD's Veterans Affairs Supportive Housing Program (HUD-VASH), which has been extremely successful in assisting veterans who are homeless and their families in finding and sustaining permanent housing. Indeed, since Congress first began appropriating funds for HUD-VASH in FY2008, veterans' homelessness has decreased by nearly 75%.
- Ensure HUD honors the 2-year Notice of Funding Opportunity (NOFO) for Continuum of Care issued in FY2024 and avoids launching a new NOFO this year.

Infrastructure

- Reverse the rescission of funding under the Reconnecting Communities and Neighborhood (RCN) Program. Rescinding funding and ending the program will stifle economic growth in all regions in Texas. While $4 billion in the overall neighborhood access program is just a small fraction of the overall budget, our communities in Texas will feel the negative impact of rescinding $150,000,000 in funding from our neighborhoods.
- Fully fund the EPA Clean Water and Drinking Water State Revolving Loan Funds and the WIFIA Loan Program. These programs support critical core infrastructure investments and allow the City and other Texas utilities to leverage state and local water infrastructure funds.
- Fully fund the FEMA Building Resilient Infrastructure and Communities (BRIC) and Flood Mitigation Assistance (FMA) programs and restore previous year grants recently canceled by FEMA. The City of Austin received a $50 million BRIC grant to improve flood damage protection for one of our primary wastewater treatment plants and an energy plant. Recent flash floods are reminder of the importance of hardening core infrastructure that is critical to public health and safety, and we hope that Congress will restore these critical disaster pre-disaster mitigation funds.

Public Health

- Restore funding for CDC immunization and disease surveillance programs;
    - Fully fund public health emergency preparedness efforts, including the PHEP program;
    - Safeguard public health workforce and infrastructure investments critical to communicable disease prevention.
- Cuts to public health funding have significant economic repercussions, leading to higher healthcare costs, lost productivity, and increased emergency spending. By undermining

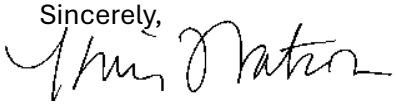
programs that prevent communicable and chronic diseases, support vaccination, and ensure emergency preparedness, these cuts shift costs to already strained local systems and disproportionately harm vulnerable communities. They also weaken national research capacity and future workforce potential. Investing in public health is a proven cost-saving strategy—each dollar spent yields multiple returns in healthcare savings, economic stability, and lives protected. Restoring this funding is both a fiscal and public health imperative.

- Recent outbreaks of measles, and other preventable illnesses are stark reminders that ongoing investment in public health infrastructure is essential. Cuts to immunization programs, surveillance systems, and public health staffing directly jeopardize our ability to detect and contain infectious disease outbreaks before they escalate into national crises.
- Reductions to public health emergency preparedness funding are equally concerning. The CDC's Public Health Emergency Preparedness (PHEP) program equips state and local health departments with the tools and training necessary to prepare for, respond to, and recover from disasters — be they pandemics, natural catastrophes, or acts of terrorism. Weakening this support erodes our readiness and puts lives at risk.
- Vaccine-preventable illness remains a major threat when immunization infrastructure is underfunded. Funding reductions have already led the scaling back of outreach programs. These cuts disproportionately impact vulnerable populations and reverse years of progress.
- Additionally, our Forensic Science Department relies on Coverdell grant funding to perform essential forensic services and have year after year. This funding provides overtime for backlog reduction, essential training of licensed and certified forensic scientists, and critical, modern forensic analytical and crime scene investigation equipment.

We look forward to working with you to ensure critical funding and programs continue and support the robust, job creating economy here in Austin.

I appreciate your consideration of this information. Should you have any questions, please reach out to me directly at kirk.watson@austintexas.gov or Carrie Rogers, Government Relations Officer, at 512.923.7577 or carrie.rogers@austintexas.gov.

Sincerely,



Kirk Watson
Mayor of Austin

Cc: Honorable Members of the Austin City Council
T.C. Broadnax, City Manager, City of Austin
Carrie Rogers, Government Relations Officer, City of Austin

Attachment D – City of Austin Request for Reinstatement of BRIC Grant for Austin Flood Resilience Projects

July 11, 2025

The Honorable Kristi Noem
Secretary of the U.S. Department of Homeland Security
2707 Martin Luther King Jr. Avenue S.E.
Washington, D.C. 20528

Mr. David Richardson
Acting Administrator
Federal Emergency Management Agency
500 C Street S.W.
Washington, D.C. 20472

RE: Urgent Request for Reinstatement of BRIC Grant for Austin Flood Resilience Projects

Dear Acting Administrator Richardson,

Over the July 4th weekend, Central Texas was devastated by catastrophic flash flooding – our worst disaster since 1921 – resulting in at least 119 confirmed deaths and 172 still missing, many of them children and campers along the Guadalupe River corridor. In Austin, we saw roads quickly submerged by more than 20 inches of rain, with debris clogging drains and stranding vehicles. To the northwest, in Sandy Creek, homes were swept off foundations and infrastructure destroyed. Entire channels rose up to 29 feet in under an hour.

In April 2025, FEMA cancelled a $50 million Building Resilient Infrastructure and Communities (BRIC) grant for pre-approved flood mitigation investments in Central Texas. BRIC is not only essential for Austin's already-budgeted projects – it's a lifeline for rural communities like Kerr County, where some of the most tragic loss of life occurred this month.

We are encouraged by recent bipartisan support for reinvesting these critical dollars back into FEMA and the BRIC program. However, until these efforts translate into real, accessible resources for cities like ours, we remain dangerously exposed.

There is precedent for FEMA to reinstate canceled funds in response to compelling local need and advocacy.

- ***Westport, Washington (2025)*:** After BRIC was canceled, FEMA reinstated funding for a tsunami evacuation tower following sustained outreach by Rep. Emily Randall and the community.

- ***Boulder County, Colorado (2022)*:** After FEMA initially rejected federal reimbursement for post-wildfire debris removal, it reversed its decision following public pressure and clarification of eligibility.

These examples make clear that FEMA has both the discretion and responsibility to revisit funding decisions when conditions – and community needs – warrant it. This is not just about what might happen, it's about what has already happened – and will happen again. The BRIC grant FEMA canceled would have funded proven flood prevention in an area already devastated by past disasters. Southeast Austin's Onion Creek watershed saw major overflows in 2013 and 2015, submerging Fallwell Lane under three feet of water and damaging critical infrastructure, including the Austin Energy raw water intake structure. Just adjacent sits the South Austin Regional Wastewater Treatment Plant and the Sand Hill Energy Center – together, they represent over one-third of Austin's base power and wastewater capacity. One more storm could take all of it offline.

Although FEMA has made individual disaster assistance available to survivors of the July floods in Travis County and across Central Texas, which is essential to help families recover in the short term, we cannot continue to rely solely on case-by-case emergency relief. Vulnerable communities – especially those in flood-prone areas – deserve protection before disaster strikes. We must invest in the infrastructure and mitigation projects that reduce harm, save lives, and prevent future crises from escalating into catastrophes.

We respectfully urge you to reinstate the BRIC grant awarded to Austin – through resumption of the program writ large or reallotment of pledged funds – and allow our city to proceed with the work that FEMA had already approved, before more lives are put at risk. We are prepared to collaborate immediately to revise scopes, reaffirm local commitments, and accelerate implementation. Should you have any questions, please reach out to Carrie Rogers, Government Relations Officer, at carrie.rogers@austintexas.gov or 512.923.7577.

Please do not let this tragedy be compounded by preventable inaction.

Sincerely,

Kirk Watson
Mayor of Austin

Cc: Honorable Members of the Texas Congressional Delegation
The Honorable Greg Abbott, Governor of Texas
Honorable Members of the Texas Legislature
Honorable Austin City Council
Travis County Commissioners Court
Williamson County Commissioners Court
Bastrop County Commissioners Court
T.C. Broadnax, City Manager, City of Austin
Jim Redick, Director, Homeland Security and Emergency Management, City of Austin
Jorge Morales, Director, Watershed Protection, City of Austin
Carrie Rogers, Government Relations Officer, City of Austin