



MEMORANDUM

TO: Mayor and City Council

THROUGH: Jon Fortune, Deputy City Manager *JF*

FROM: Carrie Rogers, Intergovernmental Relations Officer *CR*

DATE: Wednesday, August 6, 2025

SUBJECT: **Intergovernmental Relations Office – Federal Legislative Update**

The Intergovernmental Relations Office (GRO) continues monitoring federal administration actions and recent legislation to gauge adverse impacts relating to direct and discretionary funding awarded to the City of Austin.

Solar for All

On Tuesday, August 5, Austin Energy learned the Environmental Protection Agency (EPA) is preparing to issue termination letters for the Solar for All program as early as this week. Austin Energy received a \$32 million award under this grant, and an inter-local agreement with Harris County to distribute the funds was approved by City Council in February 2025. The Harris County coalition is proactively engaging on this issue and more information is forthcoming.

Austin Energy has not yet expended funds related to the grant but was in the process of hiring one of three FTE positions. This program would provide low-income customers and the community with resilient and sustainable energy solutions. Austin Energy will be exploring all options, along with our partner organizations, to pursue this previously approved agreement and funding. Updates will be provided as more information is available.

Urban Areas Security Initiative

On Friday, August 1, the Federal Emergency Management Agency (FEMA) released the Notice of Funding Availability (NOFA) for Urban Areas Security Initiative (UASI). The City of Austin is programmed to receive \$3.7 million. UASI is a federal grant program designed to enhance regional preparedness in high-threat, high-density urban areas by building and sustaining the capabilities needed to prevent, protect against, respond to, and recover from acts of terrorism and other catastrophic events. The City of Austin has received \$1.3 million in each of the last two fiscal years. As noted in [the July 28, 2025, memorandum to City Council](#), the program continues to have strong bipartisan support on Capitol Hill, although it appeared that the Administration was maneuvering to reprogram or rescind FY 2025 UASI funds. The Austin Metropolitan Area is always on the cusp of UASI

funding under the risk-based formula, and any reprogramming could jeopardize our FY 2025 participation in the program.

City of Austin Neighborhood Access and Equity Grant

Austin Transportation and Public Works received official notice on Wednesday, August 6, that the \$105 million Neighborhood Access and Equity (NAE) Grant, awarded to support a 5.3-acre I-35 highway cap through downtown Austin, has been rescinded. All unobligated funds from the NAE Grant Program were eliminated as part of H.R. 1, One Big Beautiful Bill.

U.S. Department of Justice Guidance for Federal Funding Recipients Regarding Unlawful Discrimination

On July 29, 2025, the U.S. Department of Justice (DOJ) issued new [guidance](#) for recipients of federal funding regarding unlawful discrimination. This guidance applies to all state and local governments, including city agencies that receive federal funding. It establishes stricter expectations for civil rights compliance and could impact how the City of Austin receives or administers grants, particularly in areas like diversity, equity, and inclusion (DEI) and harm reduction. Note that the DOJ memorandum offers guidance and does not result in a change in the law, and federal anti-discrimination law remains valid.

The new [Executive Order signed July 24, 2025](#), on Ending Crime and Disorder in America conditions federal funding on measures that prioritize public safety, accountability, and treatment over harm reduction and Housing First models.

Key Points from DOJ Guidance

- **Higher compliance bar tied to payment:** Expect grant terms and certifications to state that civil-rights compliance is material to payment. DOJ may challenge programs that appear *unlawfully discriminatory*, risking awards or drawdowns.
- **Stricter scrutiny on beneficiaries:** DOJ warns that programs may risk funding if they give preferential treatment based on protected characteristics (race, sex, etc.), use proxies for those traits, segregate services, or run trainings that could be viewed as discriminatory or hostile.
- **Bigger False Claims Act exposure:** DOJ's Civil Rights Fraud Initiative allows penalties if a city certifies compliance but operates programs DOJ deems unlawful. This could mean treble damages and penalties, with private individuals able to file cases.
- **Program Design Scrutiny, *not* Purpose:** Programs serving authorized groups (like Federal Transit Administration Section 5310 for seniors and people with disabilities) remain lawful, but eligibility and outreach must be based on neutral criteria rather than protected-trait preferences.

The IGRO Grants Division recommends that departments review and inventory federally funded programs with the Law Department to ensure compliance where appropriate.

Next Steps

Generally, directives out of Washington, D.C. have varied widely since January 2025. City staff is encouraged to implement current grant funding expeditiously and with great care. To meet the demands of our growing community, the Intergovernmental Relations Office is regularly

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communicating with the Texas Congressional delegation to underscore the critical need for federal funding.

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
Intergovernmental Relations Office

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

As of August 5, 2025

| 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 | Electric Vehicle 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 rescission. 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 rescission. |
| OCAR | Climate Pollution Reduction (CPRG) Planning Grant | \$1,000,000 | N/A | 8/18/25 | \$1,000,000 | Grant to fund regional climate planning. Stated for rescission in H.R.1. |
| 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 | 7/4/25 | \$105,000,000 | Grant to fund 5.3-acre Cap & Stich Project. Rescinded via HR 1. Notification received 8/6/25. |

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|--|--|----------------------|---------------------------|--------------------|----------------------------------|--|
| TPW | Bridge Investment Program | \$32,000,000 | N/A | 1/20/2025 | \$32,000,000 | Grant to fund the reconstruction of the Barton Springs Bridge. Grant is under review by FHWA; agreement has not been executed.* |
| TPW | Safe Streets and Roads for All (FY24 Program) | \$10,456,068 | N/A | 1/20/2025 | \$10,456,068 | Grant to fund citywide safety improvements. Grant agreement pending with FHWA. |
| TPW | Climate Pollution Reduction Implementation Grant | \$47,854,062 | N/A | N/A | \$47,854,062* | Grant to support a coordinated regional approach to transportation demand management (TDM). *Three drawdowns have been completed. Stated for rescission in H.R.1 |
| Total Impact since January 20, 2025: \$299,725,172* | | | | | | |

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 |