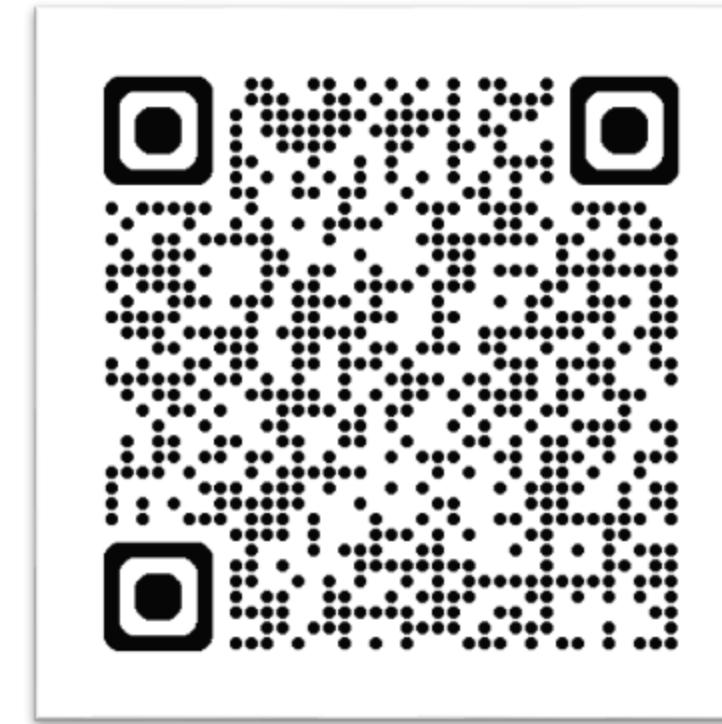




NACo ADVOCACY INSIDER

Understanding the Federal Landscape for Counties

JANUARY 15, 2026



*NACo's 2026 Federal Policy
Priorities have been released!*

GOVERNMENT FUNDING

Congress is working to avoid another government shutdown once funding expires for certain agencies on Jan. 30, 2026.

- **Passed so far:** Agriculture-FDA; Legislative Branch; Military, Construction, VA. **9 bills remaining**
- **House passed 2 funding packages:**
 - Energy, Environment, Commerce, Interior and Justice
 - Financial Services and National Security
- DHS negotiations are a major sticking point
- Senate is voting today **on Energy, Commerce, Interior and Justice package**
 - Aiming to release Defense, Labor-HHS-Education, T-HUD
- **Short-term stopgap remains a realistic outcome**



Scan for NACo's FY 2026 appropriations tracker

SRS REAUTHORIZATION

Yesterday, Secure Rural Schools reauthorization was signed into law!

- NACo-led coalition convinced the House to pass SRS on Dec 9
- Provides funding for FY 2026 and provides back pay for missed FY 2025 and FY 2024 payments
 - Avoids duplicative payments (25% timber payments)
- Reauthorized until 2028
- 700+ counties will receive a payment
- NACo continues to push for permanent reauthorization



Scan for NACo's Analysis of SRS Reauthorization

SPEED ACT & PERMITTING REFORM

Both Congress and the Administration have a major focus on permitting reform, which will impact county infrastructure and authority.

- **Congress**
 - Single permitting provision included in H.R. 1
 - Top legislative priority for House Republicans
- **Trump Administration**
 - 1970's rule that established NEPA was rescinded under American Energy Executive Order
 - No longer one standard NEPA process; federal agencies decide own process
 - NACo submitted comment letters to 5 agencies that released new NEPA guidelines

SPEED ACT & PERMITTING REFORM

Last month, the U.S. House passed the SPEED Act by a bipartisan vote.

- **Major provisions:** Narrows when NEPA reviews are triggered and speeds up environmental reviews by tightening what counts as a “major federal action”
- NACo inserted the following language securing the place of counties as cooperating agencies for NEPA reviews:
 - Local agency – *counties, boroughs, parishes and other political subdivisions of a State*
- **SPEED Act’s future in Senate is unclear:** Dems request reversal of Trump admin decisions to halt offshore wind projects before negotiating

CONTINUUM OF CARE PROGRAM



- **Jan. 9 update:** Following a court-ordered injunction, HUD withdrew the November NOFO and restored the prior-year CoC competition
- **HUD is required to process eligible renewals** (except for disbursing funds) while the injunction is in effect
- **HUD released a revised NOFO for public review**, but it remains inactive pending the court's final ruling
- **Court ruling expected in coming months;** outcome will determine whether HUD proceeds under prior-year rules or can implement proposed constraints
- **Timing risk remains:** CoC funding is set to expire in Jan. 2026; a new competition could still risk a funding lapse



Learn more about HUD's announcement, the CoC Program and impact on counties

SURFACE TRANSPORTATION REAUTHORIZATION



- Package is currently being written – Text is forthcoming
- Smaller package than IIJA is expected
- **Key NACo priorities:**
 - Streamline formula funding directly to counties
 - Improving the federal grant process
 - Maintain competitive federal funding access for local governments
 - Streamline permitting process for smaller projects



Scan to view NACo's Surface Transportation Reauthorization Hub

HHS FUNDING FREEZE FOR CERTAIN PROGRAMS

On January 6, HHS Administration for Children and Families (ACF) sent letters to five states they are temporarily restricting access to select federal child care and family assistance grant funds

- Restriction impacts nearly \$2.4 billion of Child Care and Development (CCDF) funds, \$7.35 billion of Temporary Assistance for Needy Families (TANF) funds and \$869 million of Social Services Block Grant (SSBG) funds
- Currently being challenged in federal courts
- NACo staff are actively engaged with HHS and our state partners to gather more information, restore funding and ensure the appropriate use of taxpayer dollars

SAMHSA REINSTATES BEHAVIORAL HEALTH GRANTS

Yesterday, SAMHSA announced termination of over 2,000 grants; Reinstates 24 hours later after bipartisan support for the federal programs.

- More than 2,000 grants totaling over \$2 billion were affected
- Letter cited “non-alignment with SAMHSA priorities” as the reason for termination and provided little additional explanation or guidance
- Terminations received significant pushback from lawmakers, resulting in SAMHSA grants being restored
- SAMHSA grants support county-run and county-partnered programs that address mental health needs, prevent and treat substance use disorders, respond to overdoses, operate crisis services and expand access to care in underserved communities
- Short-term uncertainty can strain county budgets, disrupt planning and create challenges for maintaining a stable workforce



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