

NATIONAL SPECIAL DISTRICTS ASSOCIATION (NSDA)

Federal Updates: August 2026

This report provides a detailed overview of federal updates and activities relevant for the National Special Districts Association (NSDA) in August of 2026.

Special Districts Fairness and Accessibility Act (SDFAA)

SDFAA Advocacy Status Update

- The Special District Fairness and Accessibility Act (SDFAA) ([H.R.2766/S.2014](#)) currently has 25 bipartisan cosponsors (17 Democrats, 8 Republicans) in the House, and 4 bipartisan cosponsors (2 Democrats, 2 Republicans) in the Senate. The House bill is still pending a full floor vote.
 - Lead House Co-Sponsors: Reps. Pat Fallon (R-TX-04) and Brittany Pettersen (D-CO-07)
 - Lead Senate Co-Sponsors: Sens. John Cornyn (R-TX) and Jeff Merkley (D-OR)
- On Monday, August 31st, Rep. Mullin (D-CA-15) became a cosponsor for the SDFAA. Rep. Mullin's district consists predominantly of San Mateo County, California and southeastern San Francisco, CA. There are [55 special districts](#) in San Mateo County, including 22 independent special districts and 33 county-governed special districts.
- The Congressional Budget Office (CBO) gave SDFAA a clean CBO score, which notes: "CBO expects that implementing the bill would not affect the overall amount of assistance provided."

Federal Appropriations + Grants Update

FY 2027 Appropriations Update

- With the end of the federal fiscal year approaching on September 30, congressional leaders advanced a continuing resolution (CR) early to avoid a government shutdown like last year and while heading into the midterm elections.
- The Senate passed a [CR](#) in a 90-6 vote on August 8 to temporarily extend FY 2026 appropriations through December 11, 2026. The Senate's CR also included

language that would delay the implementation of the Office of Management and Budget's (OMB) proposed rule through December 11, 2026, and provides a clean extension of surface transportation reauthorization through the same date.

- The House passed the Senate's CR on Monday, September 1st with a 370-48 vote. upon returning from the August recess. The CR passed quickly as lawmakers seek to extend government funding negotiations beyond the midterm elections and into the busy "lame duck" session of Congress in November and December.
- While House Republican Conference Chair Lisa McClain said on September 1, "this has been the most aggressive and productive Congress since Speaker Joseph Martin's 80th Congress in 1949," the 119th Congress has passed fewer than 300 bills so far, around the average for the last few decades. President Trump has only signed 102 bills into law this Congress, the smallest number of new laws enacted during any Congress over the last three decades.

Federal Grants Outlook

A summary of upcoming federal grant opportunities special districts are eligible for is included below:

Program	Description
Department of Transportation (DOT): FYs 2024 through 2026 - Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Competitive Grant Program Notice of Funding Opportunity	The intent of the PROTECT Competitive Grant Program is to fund projects to improve the resilience of the surface transportation system, including highways, public transportation, ports, and intercity passenger rail. Program goals include protecting: surface transportation assets by making them more resilient; communities through resilience improvements and strategies that allow for the continued operation or rapid recovery of surface transportation systems; coastal infrastructure; and natural infrastructure that protects and enhances surface transportation assets. This NOFO provides PROTECT Competitive Grant Program funding of up to \$787 million from FYs 2024 through 2026, plus any remaining PROTECT Competitive Grant Program funding from prior years. Award maximum: • Planning Grants: \$10 million

	• Resilience Improvement, Community Resilience and Evacuation Route Grants, and At-Risk Coastal Infrastructure Grants: \$60 million Program funding: \$787,000,000 • Planning Grants: Up to \$79 million • Resilience Improvement Grants: Up to \$551 million • Community Resilience and Evacuation Route Grants: Up to \$79 million • At-Risk Coastal Infrastructure Grants: Up to \$79 million Eligible applicants: State, county, city, special district governments; Native American tribal governments. Expected awards: 80 Deadline: October 9, 2026
Department of Transportation (DOT): Fiscal Year 2026 Competitive Funding Opportunity: Buses and Bus Facilities Program	The Federal Transit Administration (FTA) announces the availability of approximately \$21 million in competitive grants under the Buses and Bus Facilities Program to assist in the financing of buses and bus facilities capital projects, including replacing, rehabilitating, purchasing or leasing buses or related equipment, and rehabilitating, purchasing, constructing or leasing bus-related facilities Award maximum: \$2,160,919 Program funding: \$21,609,192 Eligible applicants: State, county, city, special district governments; Native American tribal governments. Expected awards: 5 Deadline: September 21, 2026

Bureau of Justice Assistance (BJA): BJA FY 2026 Comprehensive Opioid, Stimulant, and Substance Use Site-Based Program	This opportunity supports the development, implementation, or expansion of comprehensive programs in response to overdose deaths, illicit opioids, stimulants, and other substances. Award maximum: \$7,000,000 Program funding: \$133,585,276 Eligible applicants: State, county, city, special district governments; Native American tribal governments. Expected awards: N/A Deadline: September 24, 2026
U.S. Forest Service (USFS): 2026 National Urban and Community Forestry Challenge Cost Share Grant Program	The intent of the National Urban and Community Forestry Challenge Cost Share grant program is to advance solutions to the economic, health, and environmental challenges faced by communities. This year's program focuses on advancing community tree resource utilization, which can reduce waste and create value by turning wood generated from pruning, removals, storm events, and pest or disease outbreaks into useful products. Award maximum: \$750,000 Program funding: \$1,000,000 Eligible applicants: State, county, city, special district governments; Native American tribal governments; Public and state, private institutions of higher education; Nonprofits non-higher education with 501(c)(3). Expected awards: 5 Deadline: October 12, 2026

Fish and Wildlife Service: F26AS00105 National Fish Passage Program	The National Fish Passage Program (NFPP) provides technical and financial assistance to partners to remove instream barriers and restore aquatic connectivity, improve community safety, and support local economies. NFPP project examples include obsolete and dangerous infrastructure removals, culvert replacements, floodplain restoration, and the installation of fishways. Award maximum: \$1,000,000 Program funding: \$15,000,000 Eligible applicants: State, county, city, special district governments; Native American tribal governments; Nonprofits non-higher education with 501(c)(3); Nonprofits non-higher education without 501(c)(3). Expected awards: 100 Deadline: April 30, 2027
Department of Justice (DOJ): BJA FY 2026 Smart Reentry Demonstration Program	This NOFO supports state, local, and tribal governments to implement comprehensive and collaborative reentry strategies to increase the likelihood of successful reentry for people returning to communities from adult correctional facilities, and to establish or expand a program or service (“intervention”) to reduce recidivism. Award maximum: \$1,100,000 Program funding: \$6,805,353 Eligible applicants: State, county, city, special district governments; Native American tribal governments. Expected awards: 7 Deadline: September 24, 2026
Department of Justice (DOJ): BJA FY 2026 Second Chance Act Improving Reentry Education and Employment Outcomes	This NOFO supports state, local, and tribal governments and community-based organizations to provide education and employment programs for adults and youth leaving prison and jail. Award maximum: \$1,000,000 Program funding: \$20,000,000 Eligible applicants: State, county, city, special district governments; Native American tribal governments; Public

	and state, private institutions of higher education; For profit organizations; Small businesses. Expected awards: 20 Deadline: September 24, 2026
Institute for Museum and Library Sciences (IMLS): National Leadership Grants for Libraries (2027)	National Leadership Grants for Libraries (NLG-L) projects enhance the quality of library services nationwide. The program supports projects that: promote adult reading, and health and financial literacies; focus on programming and archival practices related to our shared American history; manage and preserve the national information infrastructure; serve the public's information and education needs; enhance library and information services through effective and efficient use of new and emerging technologies; improve community prosperity; provide emergency services to communities during disasters and emergencies; and build collaborative partnerships between libraries, archives, and museums that benefit the communities they serve. Award maximum: \$1,000,000 Program funding: \$11,500,000 Eligible applicants: State, county, city, special district governments; Native American tribal governments; Public and state, private institutions of higher education; public institutions of higher education Expected awards: 45 Deadline: November 13, 2026
Institute for Museum and Library Sciences (IMLS): Laura Bush 21st Century Librarian Program (2027)	Laura Bush 21st Century Librarian (LB21) projects build a library and archival workforce that can meet the information needs of communities of all types and sizes and increase the institutional capacity of libraries, archives, and library and information science graduate programs across the country. Award maximum: \$1,000,000 Program funding: \$8,500,000 Eligible applicants: State, county, city, special district governments; Native American tribal governments; Public

	and state, private institutions of higher education; public institutions of higher education Expected awards: 35 Deadline: November 13, 2026
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NSDA Priority Issues

Implementing the 21st Century ROAD to Housing Act

- The 21st Century ROAD to Housing Act became law on July 10. The final bill streamlines federal reviews for housing projects, modernizes housing programs, incentivizes local governments to address barriers to housing development, and increases veterans' access to federal housing programs.
- Key implementation deadlines and agency rulemakings relevant to local governments include, but are not limited to:
 - Grants for planning and implementation associated with affordable housing (Sec. 207): establishes a new competitive grant pilot program to support planning and implementation activities for affordable housing.
 - July 11, 2027: Deadline for HUD to establish program
 - July 11, 2033: Sunsets
 - Innovation Fund (Sec. 208): creates a new highly-flexible \$200 million grant program to improve community infrastructure, build housing, and supplement water and sewer grants.
 - July 11, 2027: Deadline for HUD to establish program
 - July 11, 2033: Sunsets
 - Build Now Act (Sec. 213): creates a pilot program to incentivize housing development of all types in certain CDBG participating jurisdictions.
 - Oct. 1, 2028: CDBG adjustment begins
 - Sept. 30, 2043: CDBG adjustment sunsets

- Reforming Disaster Recovery Act (Sec. 504): authorizes the Community Development Block Grant-Disaster Recovery program for three years
 - July 11, 2027: Deadline for HUD to issue final implementing regulation.
 - July 11, 2029: Sunsets.

2026 Farm Bill Update

- The House passed its version of the 2026 Farm Bill, the Farm, Food, and National Security Act of 2026 ([H.R. 7567](#)), on April 30, 2026, by a bipartisan vote of 224-200.
- On August 5th, Senate Agriculture Chair John Boozman released an updated version of their Farm Bill, the [Agriculture Act of 2026](#), that instead delays states' increased cost-share shifts for SNAP by one year, as well as provides states with the option to utilize either FY 2026 or FY 2027 SNAP error rates to determine the share of food aid benefits states will be expected to pay for when a cost-sharing agreement takes effect.
- Despite these changes, though, Senate Agriculture Committee Democrats (including Ranking Member Klobuchar) still voted against the bill in committee markup due to this updated version still not meeting all their priorities (i.e. two-year SNAP cost-shift delay). While this increased cost-share won't impact special districts directly, it will have an impact on states' budgets overall.
- Both House and Senate bills also make special districts eligible for Good Neighbor Authority (GNA) agreements with the U.S. Forest Service (USFS). This would allow special district governments to partner with USFS to complete land and water restoration projects in national forests.

Surface Transportation Reauthorization Update

- On August 7, the Senate passed a continuing resolution (CR) that included a short-term extension for highway and transit authorities that are set to expire on September 30, 2026. The "clean" extension would extend expiring surface transportation programs through December 11, 2026 without adding new policy provisions. The House also passed this CR on Monday, September 1st.

- The Senate version of the CR includes account-level anomalies, carve-outs that let individual accounts access money at something other than the standard level. The anomalies for the Department of Transportation (DOT) accounts are:
 - Sec. 147: Allows Essential Air Service (EAS) subsidy funding to flow at a faster rate than regular accounts.
 - Sec. 148: Many DOT accounts in the FY 2026 Act were partially or completely funded by the transfer of unobligated Infrastructure Investment and Jobs Act's (IIJA) advance appropriations to different purposes. Section 148 provides that, during the CR period, six of these accounts, including the National Highway Traffic Safety Administration (NHTSA) Operations and Research account, be funded from regular General Fund appropriations made by section 101 of the CR instead of through IIJA transfers. The administration argued that NHTSA would run out of money if the anomaly was not enacted.
 - Sec. 149: Extends the expiration date of FY 2018 Capital Investment Grant appropriations through 2031, as requested by the administration.
 - Sec. 150: Extends the obligation deadline for unobligated FY 2023 Highway Infrastructure Programs balances to September 30, 2027 by rescinding and reappropriating the unobligated amounts.
- The clean extension would extend authorized surface transportation funding, but it would not extend the Infrastructure Investment and Jobs Act's (IIJA) lapsing advanced appropriations, which totaled approximately \$36.8 billion per year. As a result, several transportation agencies would face significant funding reductions upon expiration of the IIJA's Division J advance appropriations:
 - Federal Railroad Administration: -81.8%
 - Federal Transit Administration: -20.6%
 - Federal Highway Administration: -12.6%

Key Issues to Watch

Data Center Updates

- The administration, Congress, and state and local governments are continuing to grapple with accelerating data center development. Approximately 1,500 data centers are being built or planned nationwide, with many concentrated in battleground congressional districts.
- Although neither party has adopted a unified platform on data centers, federal policymakers are trying to establish individual positions. Sens. Bernie Sanders (I-VT) and Josh Hawley (R-MO) and Reps. Frank Pallone (D-NJ) and Nancy Mace (R-SC) have all called for some form of federal limitation on data center construction.
- Among the various congressional proposals addressing data center development, though, the Ratepayer Protection Act ([H.R.9340](#)) has attracted the strongest support from lawmakers.
 - The House Energy and Commerce Committee advanced in a 52-0 vote the amended Ratepayer Protection Act ([H.R.9340](#)) on July 21. The legislation would require states to consider adopting a federal standard directing data centers to pay the full cost of new generation and transmission upgraded needed to serve them.
 - Before the committee markup, committee leaders introduced an amendment that narrows the bill to apply specifically to data centers. The legislation had previously applied to projects with a peak electricity demand of 100 megawatts or more.
 - The bill now awaits a full House vote after August recess.

Recent Cybersecurity Threats to the Water Sector

- Last month, CISA, the FBI, and EPA reported a significant increase in cyberattacks targeting U.S. water utilities, including a coordinated July attack against more than 30 community water systems in Minnesota. Federal agencies specifically reported that attackers are focusing on programmable logic controllers (PLCs) used to operate wastewater and water treatment facilities, raising concerns about the security of critical infrastructure nationwide.

- While CISA has not formally attributed the attacks to a specific source, federal advisories note that Iran-affiliated hackers have targeted industrial control systems used by utilities, and security officials suspect recent attacks may be connected to ongoing Iranian cyber activity against U.S. water systems.
- In response to ongoing cybersecurity concerns in the water sector, Senators Schiff and Klobuchar recently introduced the Water Cyber Shield Act ([S. 5368](#)), which would require state- and locally-owned water and wastewater utilities to report cyberattacks to the federal government, require the EPA to establish separate baseline cybersecurity standards for drinking water utilities and wastewater systems, and authorize an additional \$300 million annually for the CWSRF and DWSRF Programs specifically for cybersecurity improvement projects.
- As operators of local water systems, water and wastewater districts may face increased vulnerability to service disruptions and operational impacts.

FCC Publishes Proposed Rulemaking on the E-Rate Program

- On August 14, the Federal Communications Commission (FCC) [published](#) a Notice of Proposed Rulemaking (NPRM) and Further Notice of Proposed Rulemaking (FNPRM) regarding the E-Rate Program. The proposed rulemaking is seeking comment on the efficacy and statutory basis of the E-Rate Program, as well as proposes new certification requirements on participants in the program, including eligible library systems and library districts.
- The E-Rate Program is designed to help schools and libraries afford broadband connectivity and telecommunications services through the availability of discounted telecommunications equipment and services. Under the proposed rulemaking, the FCC seeks comment on whether to limit or sunset the E-Rate Program, if it determines that the record reflects that the program's goals and objectives have been met. FCC is also seeking comment on whether Congress intended E-Rate to operate indefinitely, regardless of the extent to which schools and libraries have achieved universal connectivity.
- Any changes to the program could affect library districts and other special district entities that rely on E-Rate support to expand broadband access, modernize network infrastructure, and provide digital services to their communities.
- Comments are due by October 13, 2026.

FirstNet Launches Stand-Alone 5G Core Dedicated for Public Safety

- FirstNet by AT&T, at the direction of the FirstNet Authority, [announced](#) deployment of their stand-alone 5G network core last month. This core is physically separate from the AT&T commercial network core and includes enhanced, public safety-grade security measures that exceed the standard security measures of commercial networks, such as body-worn cameras, live video, and mission-critical communications.
- The new FirstNet 5G network core will support faster upload speeds and improved responsiveness. It is also accessible only through a FirstNet SIM that protects subscriber information from would-be attackers and is monitored around the clock by a dedicated security operations center that helps identify and mitigate possible threats.

Senators Introduce Bill to Help Communities Rebuild Faster After a Wildfire or Natural Disaster

- On August 6, Sens. Adam Schiff (D-CA) and Joni Ernst (R-NE) introduced the Reducing Red Tape for Rebuilding Act ([S.5276](#)), legislation to extend the timeframe that local governments have to receive funding from the Federal Emergency Management Agency (FEMA) from 180 days to 2 years to help pay the wages, including overtime pay, of additional staff hired to perform building code enforcement, which includes the processing of building permits. In addition, the bill would allow cities and counties to decide when that two-year period would start, rather than having the clock automatically start the day a disaster is declared.
- The International Association of Fire Chiefs (IAFC) has argued that the current 180-day implementation period prevents fire-impacted communities from being able to access FEMA's building code enforcement assistance because those communities are "still removing debris 180 days after a major wildland fire." IAFC says it endorsed this bill because it would resolve that issue.