

# FEDERAL POLICY UPDATES

Monthly Legislative & Regulatory Briefing

March 2026 delivered a dense slate of federal action across the sectors most closely monitored by Mortar Strategies. From a landmark advanced nuclear construction permit to sweeping SEC crypto-asset guidance and the FY2027 appropriations cycle underway, the month reinforced that the regulatory and legislative landscape is moving on multiple fronts simultaneously.

Below is Mortar's curated briefing, organized by sector, with sourcing and key implications for each development.

## GENERAL FEDERAL POLICY

### Executive Order: DEI Practices by Federal Contractors

*Source: White House / Executive Order*

A significant federal contracting shift requiring covered contractors to certify they do not engage in racially discriminatory DEI activities. Non-compliance creates exposure to contract termination, suspension, debarment, and False Claims Act liability, raising the stakes for any company with a federal contracting relationship.

### White House Task Force to Eliminate Fraud

*Source: White House / Executive Order*

Establishes a formal interagency anti-fraud structure spanning major benefit and payment agencies, with emphasis on eligibility verification, improper payments, data sharing, and program integrity. One of the clearest March signals on the Administration's government-operations priorities.

### FY2027 Appropriations Cycle: Member Day and Hearing Activity

*Source: Congress / House Appropriations*

March marked the practical kickoff of FY2027 appropriations positioning through Member Day hearings and submission windows across subcommittees. For organizations with funding or authorization interests, this is the window when outside priorities begin translating into formal committee engagement.

### Reconciliation 2.0: Senate and House Budget Chairs Signal Second Package

*Source: Senate Budget Committee / House Budget Committee — March 25–27, 2026*

In back-to-back moves, Senate Budget Chairman Lindsey Graham (R-SC) and House Budget Chairman Jodey Arrington (R-TX) each signaled movement toward a second reconciliation bill. Graham announced — in consultation with President Trump and Senate Majority Leader Thune — that the Senate Budget Committee will "expeditiously move" to develop a second reconciliation vehicle focused on homeland security, defense funding, and election integrity. On the House side, Arrington outlined a complementary framework on CNBC's Squawk Box, calling for a 3% deficit-to-GDP glide path as the fiscal anchor for Reconciliation 2.0, arguing that a 10-year balanced budget is no longer a realistic target given current deficit levels near 6% of GDP. Together, the two statements represent the clearest March signal yet that congressional Republicans intend to use the reconciliation process a second time — with defense, border security, and fiscal reform as the legislative vehicle. Organizations tracking appropriations, entitlement programs, and federal spending baselines should treat this as an active process with near-term committee implications.

### USDA Forest Service Headquarters Relocation and Agency-Wide Restructuring

*Source: U.S. Department of Agriculture / Press Release + Reorganization Plan (March 31)*

On March 31, USDA announced the Forest Service will relocate its headquarters from Washington, D.C. to Salt Lake City — targeting completion by summer 2027 — and undergo a sweeping structural overhaul. All nine regional offices will close, replaced by 15 state-based directors modeled on the Interior Department's BLM structure. Operational service centers will be established in Albuquerque, Fort Collins, Athens, Madison, Missoula, and Placerville. Research leadership consolidates under a single organization in Fort Collins. Approximately 260 HQ positions will move west; 130 remain in Washington. For organizations with permitting, timber, land use, or research relationships with the Forest Service, this restructuring will materially shift the geography and chain of command for federal engagement.

## BLOCKCHAIN & DIGITAL ASSETS

### Treasury Report: Innovative Technologies to Counter Illicit Finance

*Source: U.S. Treasury / Congressional Report*

A major policy document evaluating advanced technologies for AML/CFT compliance involving digital assets. Treasury recommended that Congress consider a digital-asset-specific "hold law" framework for suspicious funds, a significant signal for compliance-forward firms and financial institutions operating in the space.

### SEC Clarification on Federal Securities Laws Applied to Crypto Assets

*Source: SEC / Interpretive Release + Press Release*

One of the most consequential March crypto-policy moves. The SEC clarified how securities laws apply to airdrops, staking, mining, wrapping, and various crypto asset categories, while distinguishing between a crypto asset itself and the transactions or arrangements that may still implicate securities law. Critical reading for token issuers and exchanges.

### Interagency FAQs: Capital Treatment of Tokenized Securities

*Source: OCC, Federal Reserve, FDIC / Interagency FAQs*

Regulators clarified that eligible tokenized securities generally receive the same regulatory capital treatment as their traditional equivalents, a significant signal for banks evaluating on-chain representations of conventional assets and the broader institutional tokenization buildout.

## HEALTHCARE

### MACPAC March 2026 Report to Congress on Medicaid and CHIP

*Source: MACPAC / Report to Congress*

One of the strongest healthcare items of the month. Includes a recommendation on HCBS wage transparency and major sections on behavioral health, justice-involved youth, and foster-care-related Medicaid access, shaping the Medicaid reform conversation heading into FY2027.

### HHS-OIG Advisory Opinion 26 - 03 - Devices

*Source: HHS OIG / Advisory Opinion*

A notable compliance signal for medtech and provider markets. OIG issued a favorable opinion on a device/software discount structure for ambulatory surgery centers tied to affiliated physician practice software purchases, with implications for bundled technology arrangements across the sector.

### FDA Draft Guidance to Streamline Biosimilar Development

*Source: FDA / Draft Guidance + Press Release*

FDA's revised approach could reduce pharmacokinetic study costs by up to 50%, roughly \$20 million, when scientifically justified. One of March's most important healthcare affordability and market-competition developments, with downstream implications for biosimilar market entry timelines.

## HIGHER EDUCATION

**Department of Education Proposed Rules: Workforce Pell**

*Source: U.S. Department of Education / Proposed Rule*

Starting July 2026, eligible students may use Pell Grants for certain short-term workforce programs, including programs as short as eight weeks. One of the biggest federal higher-ed policy changes of the month, with major implications for community colleges, workforce programs, and skills-based credential providers.

**Guidance: Transitioning Borrowers Out of the SAVE Plan**

*Source: U.S. Department of Education / Press Release*

ED directed borrowers enrolled in the unlawful SAVE repayment plan to transition into a legal repayment option, affecting millions of borrowers and reshaping near-term student-loan servicing operations, borrower communications strategies, and institutional enrollment dynamics.

**College Scorecard / FAFSA Earnings Indicator Update**

*Source: U.S. Department of Education / FSA + ED Update*

ED updated post-graduation earnings data used in the College Scorecard and FAFSA earnings indicator, expanding the role of federal earnings transparency in college decision-making. Institutions should anticipate increased scrutiny on outcomes and consider how updated data surfaces in prospective student research.

## MANUFACTURING &amp; ENERGY

**Executive Order: Truthful "Made in America" Advertising**

*Source: White House / Executive Order*

Targets fraudulent domestic-origin claims, strengthening the policy environment around U.S. manufacturing branding and sourcing credibility. A notable commercial-policy move with implications for supply chain documentation, compliance, and trade-facing messaging strategies.

**FERC Approval of New Grid Reliability Safeguards**

*Source: FERC / Final Rule and Commission Action*

FERC approved updated reliability standards strengthening baseline cybersecurity protections for lower-impact bulk electric system assets. As AI-driven data center load growth continues to stress grid infrastructure, this rule establishes a new compliance floor for operators — and signals that grid resilience will remain a top regulatory priority heading into FY2027.

**NRC Construction Permit: TerraPower Sodium Advanced Reactor**

*Source: Nuclear Regulatory Commission / Construction Permit*

A landmark milestone for advanced nuclear in the United States. The Sodium permit — issued to TerraPower's sodium-cooled fast reactor design — is one of the most consequential federal energy actions of the month, signaling that next-generation baseload power is moving from policy aspiration to construction reality. With data centers and AI infrastructure driving unprecedented electricity demand, the timing of this permit reinforces advanced nuclear's role in the long-term grid strategy.

**About Mortar Strategies**

Mortar Strategies is a Washington, D.C.-based bipartisan government relations and public affairs firm.

Mortar Strategies advises clients in the private and nonprofit space to navigate federal and state policy.

Industries served include healthcare & life science, blockchain & digital assets, energy, higher ed, and manufacturing.

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