



S2 GUIDANCE TO CLIENTS & COMMUNITIES ON NAVIGATING THE 2025 TRANSITION

November 2024

The team at Sustainable Strategies DC (S2) is pleased to provide strategic counsel, grant-writing, and government advocacy services to local governments, non-profit organizations, and other clients nationwide to support sustainable community development and economic revitalization.

S2 leadership is now preparing for our sixth Executive Branch transition and one of many congressional changeovers, starting with the transition in 1993. **At these times of federal government transition, we reach out to our clients and allied organizations to give observations and recommendations on how you can best pursue successful community and economic revitalization at the local level.**

This client letter provides a status report and projection of the direction of federal congressional and agency actions and priorities. It outlines how S2 will help our clients stay informed, effective, and connected to federal officials moving forward. We will provide continued guidance as appointments, federal agency priorities, congressional leadership, and legislative and budget proposals become clearer in the coming weeks and months. We can share some initial thoughts and guidance now:

- 1.) **FY2025 and FY2026 Congressionally-Directed Spending Projects (earmarks):** If your community or organization has a project slated for Congressionally Directed Spending in any of the pending Senate or House FY2025 appropriations bills, your projects should stay in those bills. However, the FY2025 funding bills could potentially not pass at all. The FY2025 bills, which were supposed to be enacted by September 30, 2024, are on a “continuing resolution” that will last until December 20, 2024, at which point current- and (likely) future-House Speaker Mike Johnson will either secure passage of the FY2025 bills or Congress will pass another “continuing resolution” that may put the decision off until March 2025, when Republicans have full control of both chambers. The desire and instructions, if any, from the President-elect on that issue would likely be decisive. If the FY2025 legislation gets bogged down or fails, it could result in a year-long continuing resolution that would freeze budget levels at the FY24 level and eliminate all pending earmarks.

S2 expects that Congress will continue the Congressionally Directed Spending process for the future FY2026 legislation in the new 119th Congress, and the President-elect has conveyed support for earmarks in the past. However, that issue must play out, and we can likely expect that the parameters for such projects will be narrower than they have been in the FY2022-FY2024 cycles – more akin to the limited categories for earmarks that the House adopted for FY2024-2025 than the more robust approach the U.S. Senate has been using over recent years. Communities should be ready with their projects and priorities for submission in the February-March 2025 timeframe and should start working with S2 on these project requests soon.

- 2.) **Rapid Distribution of Pending Biden Administration Funding & Slow Down Post-Transition:** The Biden Administration is currently rushing to award and disburse funding from the Inflation Reduction Act and Bipartisan Infrastructure Law, which may be targeted for elimination next year. In some circumstances, the U.S. DOT and other agencies are working to spend down the Bipartisan Infrastructure Package and Inflation Reduction Act funds by lumping future rounds of funding into the current award cycles. We are now working with our

clients who have pending grants and pending award agreements under such programs as the U.S. EPA Community Change grants, the U.S. DOT Charging & Fueling Grant program, and the U.S. DOT Reconnecting Communities program, to try to establish agreements with these agencies and pull these funds down. Please let us know if you have a pending federal grant award that is awaiting execution so we can work with you to attempt to execute the grant awards or secure pre-award authority to allow you to begin pulling down funds.

We can also anticipate that early 2025 will be marked by a freeze on all federal regulations and grants and then a gradual roll-out of federal programs which are deemed acceptable as new officials are appointed. Some programs may be changed in focus when they are released. We will work to stay atop federal funding schedules and share insights with our clients about impacts to usual funding cycles as we obtain them.

- 3.) **Localities Need to Push for Key Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA) Programs to Be Continued with Adequate Funding:** The BIL has set up over 100 programs, and expanded funding for dozens of other long-existing programs, but these programs are all in jeopardy as the legislation has only authorized five (5) years of funding, and the nation is entering the fourth year now. Funding for local infrastructure projects will drop significantly if key Bipartisan Infrastructure Law programs do not receive future appropriations. The Inflation Reduction Act's infrastructure and sustainable revitalization grant programs were mostly "one and done" awards given away in the first couple of years after IRA's late-2022 passage, or are pending for award now. While we do not expect a serious push in the 119th Congress to retract or defund the Bipartisan Infrastructure Law, serious calls to defund the Inflation Reduction Act will be hotly debated in and out of the next Congress. S2 can help you to most effectively make the case to the Administration and Congress for continuing key programs and long-standing agency initiatives, at robust funding levels, including through coalition-building and advocacy strategies. S2 built and implemented the Climate Communities coalition in 2009-2015, the First & Main Coalition in 2017, and the Transition Advocacy Project in 2021, all efforts which resulted in key wins for localities and the preservation or expansion of key funding resources for community revitalization. We are now exploring the launch of a new coalition, tentatively dubbed the [Coalition of Thriving American Communities \(CTAC\)](#), and seek to work with clients and allied groups to develop a focused agenda and advocacy strategy to deploy in the coming months. If you wish to be part of this process, please contact S2's Matt.Ward@StrategiesDC.com.
- 4.) **Call for more effective government funds delivery:** One issue that S2 DC has intended to tackle, no matter the outcome of the 2024 elections, is the generally poor, ineffective, and frustrating delivery of federal grants to local governments and organizations over the past few years. Even after a grant or earmark has been awarded, it can take many months or years to pull down the funding, fraught with bureaucratic and unresponsive processes. Some agencies do better, some much worse. Some processes work better, particularly when Congress sets deadlines for the timing of the announcement of grants, the award of grants, and the delivery of funding. S2 seeks to put together a set of recommendations from local communities to the White House and its incoming "Department of Government Efficiency" czars (Musk and Ramaswamy), federal agency leadership, and congressional leadership. We want to identify the most challenging problems with federal funds delivery, find best practices for what works well in these processes, and convey specific recommendations. If your organization would like to serve on an informal task force to develop and deliver these findings and recommendations, please contact S2's Ashley Badesch at Ashley.Badesch@StrategiesDC.com.

- 5.) **Renew your relationships with congressional officials, agency staff, and allies:** As new Members of Congress and their staffs, federal agency officials, and White House Intergovernmental Affairs officials take their places in Washington in 2025, your locality or organization should seek to build (or renew) your relationships. S2 is eager to help you put together an effective approach to build a priority list for your needs and objectives, to reinvigorate your “Resource Roadmaps” to match your needs with available federal funding, to reach out to district staff for your Congressional delegation, to plan an advocacy trip to your state capital, and to plan a “fly-in” to Washington for early 2025. You should also consider reinvigorating the roles you may play with key associations representing localities, such as the National League of Cities, the U.S. Conference of Mayors, the International City/County Managers Association, and focused-issue organizations. S2 works closely with all these organizations and will help you tune your involvement to best support your community’s key issues.
- 6.) **Projecting Priorities:** On issues related to community revitalization, infrastructure, economic development, and municipal and social services, we can expect a prioritization of:
- Support for **rural communities**, and less emphasis on large urban area issues;
 - De-emphasis on **environmental justice and climate action**, and a rescinding of the Biden Administration’s “Justice40” preferences and policies;
 - Support for **police and fire first responders**, with potential pressure on agencies to be involved in immigration enforcement;
 - Support for domestic **manufacturing**;
 - The potential for significant **cuts in domestic non-discretionary spending that affects communities**. Some early targets for cuts could include:
 - Renewable energy incentives in the BIL and IRA
 - Department of Energy Office of Energy Efficiency & Renewable Energy, and the DOE Office of State and Community Energy
 - Shift of U.S. Department of Transportation resources to the states, as opposed to grants to localities, and an increase in non-federal matching requirements
 - Economic Development Administration
- 7.) **Be bold with your community’s vision for progress:** While local communities must be strategic and smart about how to navigate the new federal realities, we encourage all of our clients and colleagues to remain committed to your bold vision and passion for sustainable community revitalization and progress.

Our client managers and teams will be reaching out soon to our retainer clients to set up discussions for how to tailor our best guidance to your particular community situation and objectives. Let’s keep being the salt and light for community revitalization in the places we live, work, and love. Please feel free to contact us at any time, and thank you for the privilege of being able to serve your community.

-- The Team at Sustainable Strategies DC