# US state lawmakers face uncertainty as federal funding cuts threaten climate and Medicaid programmes



State lawmakers across the United States are currently facing a complex and uncertain fiscal landscape as they negotiate budgets for the upcoming year. A significant source of this uncertainty stems from potential shifts in federal funding, particularly concerning Medicaid and climate-related programmes, amidst President Donald Trump’s administration’s efforts to reduce or rescind federal support allocated to states.

The largest federal funding source for many states, Medicaid, is at risk of substantial reductions depending on the finalisation of Congress’s budget reconciliation bill. Concurrently, the Trump administration has been actively attempting to retract funding granted to states for various climate and clean energy initiatives. These include electric vehicle (EV) charging infrastructure, home energy retrofits, electric school buses, and utility bill assistance. Even established tax credits that have been integral to states’ renewable energy projects face jeopardy. Amplifying concerns, President Trump has directed the attorney general to scrutinise and potentially impede state climate policies deemed aggressive or non-compliant with federal guidelines.

The impact of these federal actions varies by state, with some state legislators expressing significant apprehension about the future of their climate agendas. New York State Senator Liz Krueger described the current situation as a "weird no-man’s land," where the state's intended climate agenda no longer aligns with the emerging political and fiscal realities. New York has been working on introducing a "Cap-and-Invest" programme, designed to cap carbon emissions from major polluters and charge fees for excess emissions. However, regulatory drafts have been delayed for over a year, and environmental groups have initiated lawsuits to expedite the process. Krueger expressed frustration over these delays and concerns that the federal government may attempt to void such programmes, citing President Trump’s executive order aimed at halting enforcement of state climate initiatives seen as unconstitutional.

Despite these challenges, some states like Washington have already established cap-and-invest programmes and remain optimistic. Representative Joe Fitzgibbon from Seattle highlighted that Washington’s climate policies are largely independent of federal funding and remain on track. Last year, Washington invested nearly half a billion dollars from its cap-and-invest funds in wildfire prevention, energy efficiency, EV infrastructure, and building electrification. Fitzgibbon dismissed federal threats as "bluster," pointing to previous unsuccessful attempts by the Trump administration to dismantle California’s similar programme. Moreover, Washington is advancing legislation to strengthen its clean fuel standards, aiming to reduce greenhouse gas emissions from transportation by a more ambitious rate by 2038.

Offshore wind development, a critical component of climate strategy in states such as New York and New Jersey, faces setbacks amid federal obstruction. New York currently has power purchase agreements totalling 1.8 gigawatts, far short of its 9-gigawatt target by 2035. Recently, the Trump administration imposed a stop work order on the Empire Wind project and paused federal permits for new offshore wind ventures, leaving New York officials uncertain about future solicitations. Similarly, New Jersey’s Atlantic Shores wind farm lost its permits following federal action, intensifying existing challenges such as rising project costs, supply chain disruptions, and local resistance. New Jersey State Senator Andrew Zwicker highlighted an ongoing debate within the state regarding the affordability of renewable energy compared with natural gas, noting that concerns over costs often overshadow executive orders in shaping energy policy discussions.

One comparatively resilient funding source identified by state leaders comes from utility-based fees that finance clean energy policies through monthly electric and gas bills. Massachusetts State Senator Michael Barrett pointed out that many of his state's climate initiatives—such as EV infrastructure expansion, heat pump rebates, and renewable energy compliance—do not require direct legislative budgeting. Barrett suggested a strategic pivot towards bolstering solar energy installations and EV charging infrastructure to circumvent federal obstacles that continue to impede offshore wind development. Similarly, other states, including New Jersey and New York, utilise utility regulation to advance clean energy goals. For example, Zwicker is advocating legislation to mandate utility investments in "grid enhancing technologies" that improve power transmission capacity without extensive infrastructure replacement, while Krueger aims to pass the New York Heat Act to transition buildings away from natural gas heating.

Nonetheless, the increasing reliance on utility fees to finance climate programmes presents concerns regarding affordability and equity. Senator Zwicker expressed discomfort with consistently placing the financial burden on utility ratepayers, especially as economies, including New Jersey’s and Washington’s, face downturns and tight budgets. Governor Phil Murphy of New Jersey has proposed budget cuts that include reductions in climate spending, with a particular focus on safeguarding assistance programmes for low-income residents, which face elimination of federal support. Furthermore, the Regional Greenhouse Gas Initiative (RGGI), used by states such as Massachusetts, New York, and New Jersey to fund climate action through fees on power plant emissions, remains a vital but limited resource in the face of broader federal funding challenges.

Washington State also confronts budget constraints and is reallocating funds previously dedicated to grant application assistance, anticipating reduced availability of federal grant money. The state had been slated to receive substantial funding from the Inflation Reduction Act for electric vehicle and truck charging infrastructure, which the Trump administration is currently attempting to rescind.

Reflecting on these pressures, Senator Zwicker characterised the task of crafting budgets that advance climate goals as "incredibly challenging," with daunting potential cuts to education, healthcare, and social programmes compounding fiscal decision-making. Conversely, Senator Barrett conveyed a measure of defiant optimism, stating, “He can do a great deal of harm, but he cannot kill the resistance to climate change.” Barrett emphasised that many state-led climate efforts are structurally insulated from federal budget fluctuations and regulatory interference, suggesting that while setbacks are inevitable, progress will continue.

In summary, state legislators find themselves navigating a precarious policy environment shaped by federal retrenchment and fiscal uncertainty. While states like Washington maintain steady momentum, others such as New York and New Jersey grapple with delayed initiatives, threatened funding streams, and administrative roadblocks. The interplay between state innovation and federal resistance continues to define the evolving landscape of climate policy in the United States.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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