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2026 State of the Union: What State and Local Governments Should Be Preparing For

Federal Tone, Oversight Signals, and Financial Management Implications

In his February 24, 2026 State of the Union address, President Donald Trump outlined several policy priorities that, while not directed specifically at state and local governments, may shape the federal funding, regulatory, and oversight environment in which governments operate.

The State of the Union does not change laws. It does, however, signal executive priorities that often influence agency enforcement posture, budget proposals, and regulatory direction. Any material changes affecting state and local governments would still require legislation, appropriations action, or formal agency rulemaking/guidance, so timing and scope remain uncertain.

For government CFOs and finance leaders, the question is not political alignment, it is operational readiness. Below are key themes emerging from the address and what they may mean for public finance leadership teams, along with practical “watch items” and planning actions.

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April 1, 2026