

APPROPRIATIONS UPDATE

April 6th,
2026

Tentative Agreement on DHS Funding

Congressional Republicans came to an agreement to fund the Department of Homeland Security on Wednesday, pursuing a two-track solution that involves passing a bipartisan bill to fund most of DHS, followed by a separate party-line reconciliation bill to address immigration and border enforcement. The Senate's measure funds most of DHS except for ICE and Customs and Border Protection's border security operations. After initially rejecting the proposal last month, House Speaker Johnson has tentatively agreed to pass the bill when Congress returns from recess next week. While tensions within the conference could complicate passage, Republicans likely want to move on from FY26 funding in order to pass a second reconciliation package ahead of the midterms.

President's FY27 Budget Request Proposes Major Cuts to Non-Defense Spending

The FY2027 President's Budget Request proposes a significant realignment of federal spending priorities, driven by a major increase in defense and national security funding alongside broad reductions in domestic discretionary programs. Defense funding would rise dramatically (approaching \$1.5 trillion) to support military modernization, advanced technologies, and expanded homeland security and immigration enforcement. In contrast, non-defense discretionary spending would sharply decline, reflecting a shift toward a more limited federal role in domestic policy.

The proposal includes substantial cuts across civilian agencies, including a roughly 52% reduction at the Environmental Protection Agency (EPA), a 26% cut at the Department of Labor, and a 30% cut at the State Department, alongside double-digit reductions at Health and Human Services and the State Department. It also scales back or eliminates certain workforce, housing, and economic initiatives while preserving targeted increases for veterans' healthcare, law enforcement, and select education supports. As a policy blueprint, the request signals the administration's priorities, but Congress is expected to revise it significantly, setting up a contentious appropriations process in the months ahead.