APPROPRIATIONS UPDATE

Oct 26th, 2026

Lame-Duck Budget Reconciliation Talks Continue

Congressional Republicans are continuing to discuss the possibility of a third budget reconciliation package during the lame-duck session, with House conservatives pushing for provisions targeting federal fraud and narrowing eligibility for safety-net programs. Rep. Lloyd Smucker (R-PA) recently said the House Budget Committee has several components of a potential package ready, including proposals that were dropped from the House's more limited budget resolution adopted in July.

However, the path forward largely rests with the Senate, which has yet to act on the House-passed budget resolution. Smucker indicated House Republicans are unlikely to start over with a new proposal, instead viewing the existing resolution as a framework that could accommodate a broader package. While reconciliation remains a possibility following the midterm elections, significant uncertainty remains over whether Senate Republicans will advance the measure and what provisions could ultimately be included.

Debt Ceiling Increase Could Be Included in Reconciliation

Republicans are also leaving open the possibility of raising the federal debt ceiling in a budget reconciliation package before the end of the year, depending on the outcome of the midterm elections. Some fiscal conservatives may support additional reconciliation legislation but oppose including a debt limit increase, while others could demand spending cuts to offset the increase, potentially triggering contentious negotiations over federal spending.

Sen. Kevin Cramer (R-ND) recently signaled openness to using reconciliation if Democrats refuse to support a debt limit increase, while Sen. Thom Tillis (R-NC) voiced concerns about adding to the nation's spending trajectory. Sen. Rand Paul (R-KY) has previously opposed legislation that included a debt ceiling increase. Although the election results could influence Republican strategy, there is skepticism that the post-election Senate math will significantly improve the package's prospects. Any effort to combine the debt ceiling with reconciliation would add another layer of complexity to an already uncertain lame-duck agenda.