

APPROPRIATIONS UPDATE

January
26th, 2026

Partial Shutdown Likely Following Second Shooting in Minneapolis

The Senate returns this week to vote on the final tranche of FY26 funding passed by the House, but another ICE killing in Minneapolis has quickly undone appropriations progress on Capitol Hill. The package includes funding for the Transportation-HUD, Financial Services, Defense, State, Labor-HHS, and Homeland Security accounts – roughly 75% of federal spending.

Senate Democrats are insistent that they won't vote in support of a package that provides additional funding for ICE, which would be included in the DHS portion of the package. Minority Leader Schumer (D-NY) is requesting a revision of the Homeland Security funding bill to scale back funding for ICE. He's also indicated that separating the DHS bill in order to pass the other 5 bills would be an option.

Republican leadership is currently planning to move forward on the six-bill package, including DHS. Several Senate Republicans are decrying any attempt to "defund" DHS, and leadership would need buy-in from all 100 senators to quickly strip out the DHS bill. The House is out for recess this week and won't be in DC to pass any revised funding bills before the January 30th deadline. Senate votes likely won't start until tomorrow due to the snowstorm impacting most of the country.

Earmarks Driving Appropriations Progress

Despite fiscal conservatives' threats to block FY26 funding legislation over the inclusion of earmarks, only one out of thousands of local projects has been removed. Meanwhile, the roughly \$16 billion in earmark funding has widely been credited for the (relatively) swift movement of appropriations bills since the beginning of the year; being one of the few visible wins for municipalities and constituents.

The earmarks inserted in the new funding bills are the first of Trump's presidency, since federal agencies have been running on stopgap funding for almost two years. Lawmakers in both parties see them as a way to protect their authority to direct how federal dollars are spent as the Trump administration continues to shift and cancel billions of appropriated dollars.