APPROPRIATIONS UPDATE

Nov. 2nd, 2026

FY27 Defense Funding Plans Scale Back

The administration and congressional leaders are moving toward a smaller FY27 defense budget, with the Pentagon and top lawmakers drafting a roughly $1.1 trillion package - about $400 billion below President Trump's $1.5 trillion request. The shift reflects bipartisan skepticism that Congress could approve the president's proposed increase and signals a more constrained starting point for defense appropriations negotiations. While the final funding level remains unsettled, the lower target will require the administration and lawmakers to prioritize competing military spending requests as they work toward an agreement.

FY27 Funding Likely to Require Another Extension

Congress appears likely to need another temporary funding extension to complete FY27 appropriations, with limited legislative time remaining and competing priorities crowding the lame-duck agenda. Finalizing full-year funding would require lawmakers to reach an agreement on overall spending levels, resolve policy disputes, and move legislation through both chambers before funding expires. Those demands make another continuing resolution the more likely near-term outcome, although lawmakers could still seek to complete a subset of appropriations bills while extending funding for the rest

The election results will partially determine whether congressional leaders pursue a year-end agreement or push final decisions into 2027. Democrats expecting greater negotiating leverage in the next Congress have an incentive to delay, while outgoing lawmakers and appropriators may favor completing work before the transition. Even if negotiations accelerate after the election, the short calendar could require an extension to provide additional time to finalize legislation. The central question is whether that extension would serve as a brief bridge to a December agreement or defer the remaining FY27 funding decisions to the next Congress.