

# APPROPRIATIONS UPDATE

July 6th,  
2026

## FY27 Funding Outlook: CR or Shutdown?

As Congress enters the final quarter of fiscal year 2026, attention is increasingly turning to the looming September 30 funding deadline, and expectations on Capitol Hill are far from optimistic. With less than three months remaining, key appropriators are signaling that lawmakers are unlikely to complete all 12 annual appropriations bills before the fiscal year ends. Instead, Congress appears headed toward a continuing resolution (CR) that would temporarily extend current funding levels, potentially carrying government operations beyond the midterm elections, or, if negotiations break down, another partial government shutdown. For organizations that rely on federal funding, grants, or agency action, the coming months will be critical as Congress balances appropriations, political priorities, and the pressure of an increasingly compressed legislative calendar.

## CBO Projects Significant Shift in Federal Spending Priorities

Last week, the Congressional Budget Office (CBO) released its [analysis](#) of the President's fiscal year 2027 budget request, providing an early look at the potential long-term impact of the administration's spending priorities. According to CBO, if enacted, the proposal would increase discretionary defense spending by approximately \$2.4 trillion over the next decade while reducing discretionary nondefense spending by roughly \$2.6 trillion during the same period. The analysis also projects a \$351 billion increase in mandatory spending through 2036, driven primarily by defense-related programs and activities. While the President's budget serves as a policy blueprint rather than binding legislation, the CBO's projections underscore the administration's emphasis on defense investments alongside significant reductions to domestic discretionary programs, setting the stage for budget and appropriations debates that will shape Congress's work in the months ahead.