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## **August Recess Report: *Status of Federal Appropriations***

The fiscal year (FY) 2026 congressional appropriations process began later than usual and has faced significant competition for floor time due to the One Big Beautiful Bill Act, compounded by numerous partisan obstacles. As of now, both the House of Representatives and the United States Senate have made only partial progress before adjourning for their August recess.

In the House, the Appropriations Committee has advanced nine of the 12 annual spending bills to the floor; however, only two have been approved thus far, Defense and the Military Construction/Veterans Affairs. The House is following a partisan process with a proposed plan of approximately \$45 billion in reductions compared to the previous fiscal year, primarily targeting non-defense discretionary programs while maintaining defense spending levels.

Meanwhile, the Senate Appropriations Committee has moved forward six of its 12 bills, with three successfully passing the full Senate. The Senate has taken a bipartisan approach, largely rejecting the funding cuts proposed by the Trump administration and supported in the House. As a result, significant policy disparities persist between the two chambers. For instance, the House proposes deeper cuts or even the elimination of programs as we see with the Economic Development Administration and key housing initiatives, whereas the Senate favors smaller reductions or maintaining current funding levels for federal programs.

These differences, especially in housing and community development sectors, are expected to complicate negotiations when Congress reconvenes in September when they will have less than a month to pass a Continuing Resolution (CR) to ensure the federal government does not shut down. Democrats are threatening to withhold votes on a CR unless they receive confirmation from the Trump administration that they will spend the funding in accordance with the plans outlined in the appropriations bills.

### *Senate Rejects Proposed Health Cuts*

The Senate Appropriations Committee has rebuked the Trump administration's proposed cuts to health programs, instead approving a bill that expands funding for the Department of Health and Human Services (HHS) by \$446 million more than the current year. Most of that increase goes to the National Institutes of Health (NIH), which the Trump administration sought to slash by nearly 40 percent. The Senate plan would instead raise NIH's budget to nearly \$50 billion. Committee leaders emphasized the bill's focus on bolstering medical research, targeting diseases like Alzheimer's, cancer, diabetes, and ALS.

The Committee also rejected HHS Secretary Robert F. Kennedy Jr.'s proposed reorganization of HHS into a new "Administration for a Healthy America," and it limits NIH's ability to alter its grant funding structure without protecting existing awards. The House Appropriations Committee has not considered their version of the Department of Labor, Health and Human Services, Department of Education spending bill yet.

### *Potential Rescissions*

Complicating matters, the Trump administration might introduce another rescissions package in the coming weeks, with reports indicating that it could target Department of Education funds. The timing uncertainty adds to the already busy September schedule, where appropriators will juggle negotiations over unresolved bills while also trying to prevent a government shutdown when the fiscal year ends on October 1.

Bill	House Status	Senate Status	Latest Action/Notes
<b>Agriculture-FDA</b>	Approved by House Appropriations Committee	Approved by Senate Appropriations Committee	Not yet considered in the House, Approved by Senate as part of a three-bill package (Agriculture, Milcon/VA, Legislative Branch)
<b>Commerce-Justice-Science (CJS)</b>	Approved by House Appropriations Subcommittee	Approved by Senate Appropriations Committee	House Appropriations Committee faces challenges with science agency funding; Senate unsuccessfully attempted to include CJS in spending package approved before recess.
<b>Defense</b>	Approved by House of Representatives	Approved by Senate Appropriations Committee	Legislation could be part of a larger appropriations package in the fall.
<b>Energy-Water</b>	Approved by House Appropriations Committee	No Action	The Energy & Water spending bill could face a challenging negotiation in the fall.
<b>Financial Services &amp; General Government</b>	Approved by House Appropriations Subcommittee	No Action	It is unclear if either chamber will revisit this legislation in the fall.
<b>Homeland Security</b>	Approved by House Appropriations Committee	No Action	Traditionally one of the most contentious bills to advance. It is unlikely that the DHS spending bill will receive consideration until conference negotiations.
<b>Interior-Environment</b>	Approved by House Appropriations Committee	Approved by Senate Appropriations Committee	The Interior bill is a candidate for a future spending package.
<b>Labor-HHS-Education</b>	No Action	Approved by Senate Appropriations Committee	The House could advance its version of this legislation in the fall. Congress has generally opposed the type of funding cuts the administration is seeking in this spending bill.
<b>Legislative Branch</b>	Approved by House Appropriations Committee	Approved by Senate	Not yet considered in the House, Approved by Senate as part of a three-bill package (Agriculture, Milcon/VA, Legislative Branch)
<b>Military Construction-VA</b>	Approved by the House of Representatives	Approved by the Senate	Not yet considered in the House, Approved by Senate as part of a three-bill package (Agriculture, Milcon/VA, Legislative Branch)
<b>State-Foreign Relations</b>	Approved by House Appropriations Committee	No Action	Likely to be included in a year-end spending agreement.
<b>Transportation-HUD</b>	Approved by House Appropriations Committee	Approved by Senate Appropriations Committee	The Transportation-HUD bill is a candidate for a future spending package.