Federal Update

Maryland General Assembly: Joint Federal Action Oversight Committee

June 25, 2025

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Agenda

- Reconciliation
  - State of Play
  - Medicaid
  - SNAP
  - Taxes
  - Outstanding Senate Changes
  - House-Passed Bill Analysis
- Threats to Federal Funding
  - Grant Cancellations, Delays & Reviews
  - Conditions on Federal Funding (Terms and Conditions and Funding for Sanctuary Jurisdictions)
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Congress: Reconciliation

- Budget reconciliation is a special parliamentary procedure of Congress set up to **expedite the passage** of certain federal budget legislation in the Senate by bypassing the chamber's filibuster rules, which otherwise require legislation to receive a 60-vote supermajority for passage.
  - Under budget reconciliation, only a **simple majority** is needed.
  - Congress can technically use budget reconciliation **once every fiscal year**.
- Typically, reconciliation is most successful when one party controls the presidency and both chambers of Congress.
  - Two recent example of Congress using budget reconciliation include the 2017 **Tax Cuts and Jobs Act** under the first Trump Administration and the **American Rescue Plan** and **Inflation Reduction Act** under President Biden in 2021 and 2022.

Reconciliation - State of Play

- On May 22, the House of Representatives **passed its version** of the reconciliation bill—the "One Big Beautiful Bill Act"—along party lines.
  - A major theme across the House-passed bill is **cost-shifting to states**.
- The Senate has since released its version of text for different sections of the bill containing major provisions, although **full bill text** is yet to be released.
- The **Senate Parliamentarian** is currently in the process of scrubbing the *Senate's* version of the bill to ensure all provisions comply with the Byrd Rule, which restricts the content of reconciliation legislation to ensure it does not include extraneous, non-budgetary provisions.
  - You may have heard this process referred to as the **"Byrd Bath."**

Reconciliation - State of Play

- The Senate hopes to vote on its version by the **end of this week**—the House will then either need to pass the Senate's version or engage in a conference meeting to negotiate a final bill.
    - Speaker Johnson indicated Tuesday that House members should not leave town as the Senate moves toward passage and that he would like to **avoid a formal conference committee** if possible, despite the significant differences in the bills.
- Treasury has identified the **"X date" to raise the debt ceiling** as sometime between mid-August and the end of September.
    - This is the true drop-dead deadline to pass reconciliation, though Trump has set the ambitious **deadline of July 4**—nine days from now—to get it done.

Reconciliation – Medicaid

- The **House-passed** bill includes:
  - Freezing **state provider taxes** and prohibiting any new taxes.
  - Limiting **state-directed payments** to the Medicare payment rate, grandfathering in already approved SDPs.
  - Reduction of **FMAP** by 10% for expansion states that provide care to undocumented individuals (Medicaid or possibly Exchanges).
  - Medicaid **work ("community engagement") requirements** for adults with no dependents.
    - Also requiring some **cost-sharing for expansion adults** above the poverty line.
  - New **eligibility verification** requirements for the states.
  - Penalty to hospitals that provide **gender-affirming care** to minors.

Reconciliation – Medicaid

- Meanwhile, the **Senate Finance committee's initial text** includes even *stricter* provisions, such as:
    - Lowering the **state provider tax safe harbor** from 6% to 3.5% by 2031, capping the rate of provider taxes over time by reducing by .5% per year starting in 2027.
    - On **state-directed payments**, cutting reimbursements from the federal government to the state by 10% every year until they reach Medicare rates.
    - Additional **eligibility requirements**, on top of the House-passed provisions.
    - Overall, treating **non-expansion states** better than expansion states, including Maryland.
- As a reminder, these provisions are still being negotiated and are **subject to change** before they hit the Senate floor.

Reconciliation - Medicaid (Maryland Impact)

- In Maryland, Medicaid covers more than **1.5 million people**, amounting to a quarter of the state's population and almost half of all children.
  - Medicaid provides essential health care services **across the lifespan**, covering over 40% of all Maryland births, paying nearly 80% of all nursing home revenue, and supporting so much more in between.
- Medicaid is also an economic engine of the state's health care system, supporting **nearly 123,000 providers**.
- Medicaid is the **largest source of federal funding** to the state of Maryland, as is the case for most (if not all) states.
  - The state's annual Medicaid budget is $14.6 billion, including **$8.5 billion**—or approximately 58%—in federal funding.

Reconciliation - Medicaid (Maryland Impact)

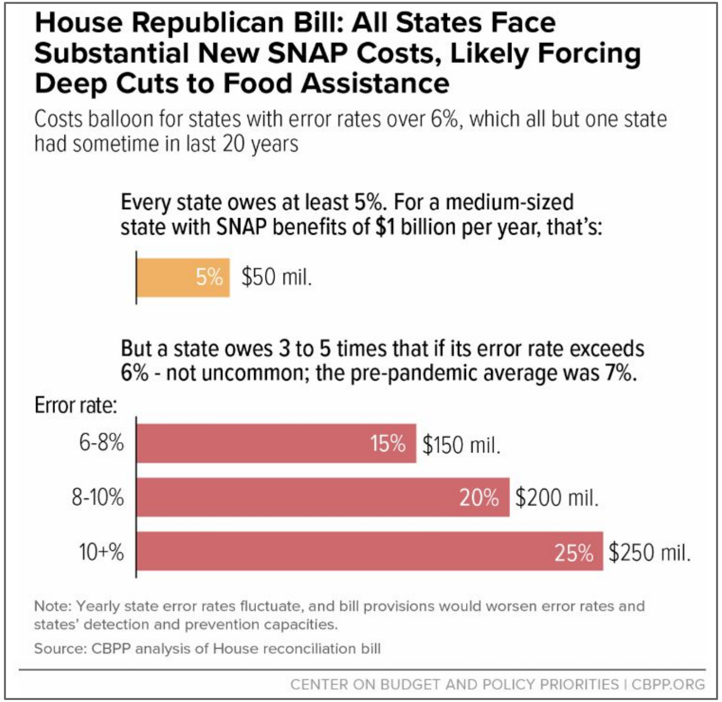
Provision	State Impact
Work Requirements	● **~56,000 adults could lose coverage** due to increased red tape, increasing MD uninsured rate ● **$316.7 million** in lost federal funds (admin costs would increase significantly)
More frequent eligibility checks	● **~130,111 adults could lose coverage** due to increased red tape, increasing Maryland's uninsured rate ● **$864 million** in lost federal funds ● **$22.6 million** in total increased state administrative costs
Limit State Directed Payments	Total: **$175 million** in lost federal funds ● **$30 million** for Primary Care Investment to support Medicaid access to preventive and primary care ● **$25 million** for the Maryland Quality Improvement Program (M-QIP) ● **$120 million** for the Emergency Medical Services Supplemental Payment Program (ESPP) to support access to ambulance services in urban and rural areas

Reconciliation – Medicaid (Maryland Impact)

Provision	State Impact
Assessments/ Taxes	● **Up to ~2 billion in collective loss** of federal funds ○ Maryland leverages provider assessments on nursing homes, managed care organizations, and hospitals
Reduce FMAP by 10% for undocumented care	● **$400 million** in federal funds due to a reduction in FMAP

Reconciliation – SNAP

- The **House-passed** bill forces states to pay for part of SNAP benefits on a sliding scale based on their **payment error rates**.
    - 15% cost share for states with error rates between 6-8%, 20% cost share for states between 8-10%, and **25% share for states above 10%**.
    - The current nationwide average is **10.4%**.
    - Maryland's error rate was **35.56%** in FY22 and **18.98%** in FY23.
        - Many states' rates were high during these pandemic years, and Maryland's rate has been on a downward trajectory.
        - FY24 rates are expected by July 1.



Reconciliation – SNAP

Error Rate	House Benefit Cost Share	Senate Benefit Cost Share
<6	0	0
6-8%	15%	5%
8-10%	20%	10%
>10%	25%	15%

- Meanwhile, the Senate Agriculture Committee's version of the legislation sets the **maximum benefit cost-share to 15%**.
    - According to the committee's estimates, it would reduce federal SNAP spending by $211 billion, about **$80 billion less** than the House version.
- As of Tuesday, it appears that Republicans will be able to move forward with a version of this proposal that **gives states additional time** before cost-sharing kicks in.
    - States could choose to use **either their FY25 or FY26 payment error rates** to calculate what their cost-share requirement will be beginning in FY28.
    - However, starting FY29, all states' responsibility will be calculated using the payment error rate averaged from the three prior years.
- Separately, states have expressed concern about their inability to change benefit levels and the **lack of flexibility** in responding to any level of cost sharing burden.

Reconciliation – SNAP

- In addition to the benefit cost-sharing, the **Agriculture titles** propose:
    - Increasing the percentage of SNAP **administrative costs** paid by the states from 50 to 75%.
        - In the Senate, implementation of this policy is pushed from FY26 to FY27.
    - The House bill would reduce the **tolerance level for SNAP payment errors** to $0, which will make it harder to reduce our error rate—and most likely raise rates across all states.
        - The Senate proposal leaves this **tolerance threshold unchanged**.
    - Changing **work requirements**, waivers, and other criteria for SNAP recipients who are "able-bodied adults without dependents."
        - Both the House and Senate bills change the **work requirement age** by subjecting those 54-64 to it.
        - The Senate bill would expand work requirements to those **with dependent children** over age 9, while the House bill would include those with dependents over age 6.

Reconciliation - SNAP (Maryland Impact)

- Maryland's latest SNAP error rate would place us in the **highest bracket** under either the House (25% cost share) or Senate (15% cost share) proposal.
    - The cost-sharing proposals would be based on **FY25 or FY26 rates**.
- Initial estimates from the Department of Human Services estimate that the House-passed framework would create a **$572 million burden** on Maryland taxpayers.
    - The state spent approximately **$115 million** in FFY24 to administer SNAP, entirely on administrative costs.
- Expanding work requirements—on top of being administratively burdensome and expensive—could subject an **additional 145,363 Marylanders** to work requirements, including nearly 67,000 people aged 55 to 64, putting them at risk of losing their SNAP benefits if they are unable to comply.

Reconciliation – Taxes

- The **House-passed** bill includes:
    - Temporary increase in the **Child Tax Credit (CTC)** from $2k to $2.5k, excluding children of undocumented parents.
    - Temporary increase in the **standard deduction for couples**, taking effect this tax year.
    - Temporary increase of the **state-and-local-tax (SALT) deduction cap** from $10,000 to $40,000, phased out for taxpayers making more than $500,000, increased 1% annually for 10 years.
    - Permanent extension of **lower income tax rates** from 2017 TCJA.
    - Permanent reduction of some **corporate tax rates**.
    - No tax on **tips or overtime pay** for the next three years.

Reconciliation – Taxes

- Meanwhile, the **Senate Finance bill** includes:
  - A cap of tax deductions for **tips and overtime**.
  - $2,200 **CTC**, which is higher than current policy but lower than in House-passed bill ($2,500).
    - Requiring both child and parent to have a **social security number** in order to file for this and other credits that support working families.
  - Extensions on the phase out for **wind and solar tax credits** to two years, compared to expedited 60 day repeal in House-passed bill.
  - Making permanent several **TCJA business tax credit extensions**, including provisions related to bonus depreciation, immediate deduction of research and development expenses, and net interest calculations.

Reconciliation - Taxes (Maryland Impact)

- In Maryland, the Bureau of Revenue Estimates has 60 days after the reconciliation bill has passed both chambers of Congress and been signed by the President to file a **report on revenue impact** to the state.
    - State statute on decoupling allows that if changes to the Internal Revenue Code would increase or decrease state revenue by more than $5 million, the implementation of that change on the state level **must be paused** and the change cannot go into effect that same tax year.

Reconciliation - Taxes (Maryland Impact)

- Major **risks to tax revenue** to the state include:
  - **Raising the SALT and standard tax deduction.** Because Maryland's tax law largely conforms to federal tax law, most people take the same deductions when filing both returns. If the standard deduction is raised through reconciliation, more people will take it versus itemizing their deductions.
  - **SSN requirement to file for major credits, including the CTC.** The reconciliation bill would institute a new requirement that each adult taxpayer, and their spouse, must have a valid SSN for the family to claim the CTC, American Opportunity Credit, and Lifetime Learning Credit. In practice, this would mean mixed-status families, including those with US citizen children, would no longer be eligible for the CTC.
    - This policy, combined with the increased surveillance of immigration status and threats of deportation, could lead to many undocumented immigrants—who typically file taxes with a non-SSN tax ID number—**opting out of paying taxes** altogether. (According to the Institute on Taxation and Economic Policy, undocumented immigrants in Maryland contribute nearly $800 million in state and federal taxes annually.)

Reconciliation – Taxes (Maryland Impact)

- The majority of tax provisions proposed in the House-passed reconciliation bill would take effect on **January 1, 2026**.
  - Some provisions, including the increased standard deduction as well as some business tax provisions (extensions of calculation of adjusted taxable income for business interest deductibility and bonus depreciation) would go into effect for **Tax Year 2025**.
- Long term, most Marylanders will **not see much of an impact** to their household incomes.
  - Their tax brackets will remain at the **same levels** they've been at since 2018, when the TCJA took effect.
- Short term, **some Marylanders would benefit** from temporary provisions like the enhanced CTC and SALT deduction, no tax on overtime, and no tax on tips.

Reconciliation – Taxes (Maryland Impact)

Impacts of Tax Provisions in the House-passed version of the bill in Maryland in 2026

Income Group	Income Range From	To	Average Income	Tax Change 1000s	Average Tax Change	Tax Change as % of Income	Share of Tax Change
Bottom 20%	$0	$34,000	$18,600	-$131,700	-$200	-1.1%	1%
Second 20%	$34,000	$69,400	$51,200	-$566,500	-$880	-1.7%	5%
Third 20%	$69,400	$116,900	$90,600	-$1,375,100	-$2,120	-2.3%	13%
Fourth 20%	$116,900	$181,800	$145,500	-$1,437,700	-$2,240	-1.5%	14%
Next 15%	$181,800	$395,300	$259,600	-$2,426,700	-$5,020	-1.9%	23%
Next 4%	$395,300	$881,000	$547,500	-$2,248,100	-$17,430	-3.2%	22%
Top 1%	$881,000	And Above	$2,219,100	-$2,158,400	-$66,450	-3.0%	21%
TOTAL			**$143,100**	**-$10,345,300**	**-$3,190**	**-2.2%**	**100%**

Source: Institute on Taxation and Economic Policy

Reconciliation – Other Impacts

Both reconciliation bills include **other provisions** that will impact the state, its instrumentalities, and Marylanders directly including:

- A **risk-sharing policy** in the House bill that would require colleges and universities to reimburse the federal government for a portion of unpaid student loans.
- Impacts to IRA **Clean Energy Tax Credits**, including:
    - **Early sunset** (from 2032 at the earliest to as early as the end of 2025 for some, including those aimed at residential energy efficiency, residential clean energy, and wind energy), with the exception of nuclear energy in the House bill
        - The Senate bill **extends** some of the strictest phase-outs
    - End to **transferability** in the House bill
    - Implementation of **"foreign entity of concern"** provisions in the House bill
    - Full repeal of all **elective vehicle credits**, including $7,500 consumer tax credit, commercial clean vehicle tax credit, and alternative fuel vehicle refueling property (i.e. electric vehicle charging) credit

Reconciliation – Other Impacts

- Roll back of roughly **$6.5 billion in unspent IRA funds** across nine DOE programs, including through:
    - Rescinding major **Loan Programs Office programs** (i.e. CIFIA, Title 17, and Advanced Technology Vehicles Manufacturing).
    - Repealing and rescinding unobligated funding for the **Greenhouse Gas Reduction Fund (GGRF)**, which is currently subject to litigation over the Administration's attempts to claw back funds.
    - Repealing and rescinding **unobligated funding** for a number of EPA programs, which would affect pots of funding in Maryland that include:
        - $147M awarded to MPA through the **Clean Ports Program** last year
        - $130M in **Climate Pollution Reduction Grants** awarded to MDE, MDOT, DNR, and MDA across two multi-state coalition projects last year
        - $62.5M in **Solar for All** grants awarded to MCEC through the GGRF last year
        - Roughly $300k annually in **Diesel Emissions Reduction Act** funding that supports the Maryland Clean Vehicle Initiative (school bus electrification) and Baltimore Port Clean Diesel Initiative (replacement of older drayage trucks at POB)

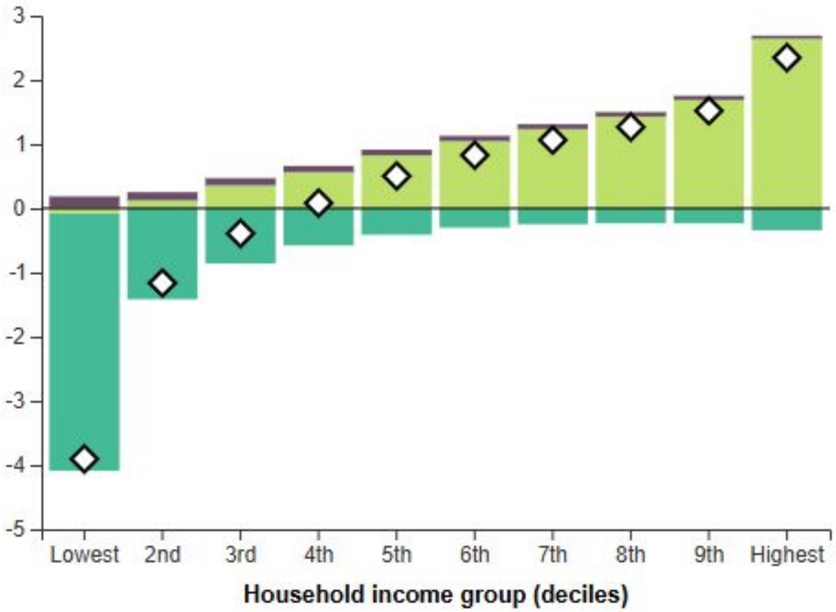
Reconciliation - Outstanding Senate Changes

- **Deficit Reduction:** Some House and Senate Republicans have expressed concerns that the current proposals do not make deep enough cuts.
- **Concerns with Medicaid Cuts:** As recently as this week, 16 House Republicans penned a letter expressing concerns with the harsher provider tax changes in the Senate bill. Republican Senators have also expressed unease with the level of cuts.
- **Debt ceiling:** The House reconciliation bill would raise the debt ceiling to $4 trillion.
    - Senator Rand Paul (R-KY) has indicated opposition to voting for a bill that includes any debt ceiling hike.
- **SALT Cap:** House Republicans included a provision raising the SALT deduction cap from $10,000 to $40,000, phased out for taxpayers making more than $500,000.
    - Following a meeting with President Trump last week, Senate Finance Chair Mike Crapo (R-ID) expressed an understanding that the $10,000 limit needed to be lifted, but was uncommitted to the $40,000 figure that the House reached.

Reconciliation: House-Passed Bill Analysis

Average annual change in household resources as a percentage of current law income after transfers and taxes (2026–2034)

Percent



- New CBO distributional analysis indicates that the House-passed legislation would increase household resources by **$3.1 trillion, skewed toward wealthier households,** while reducing household resources by **$1 trillion** over ten years through reductions to in-kind benefits.

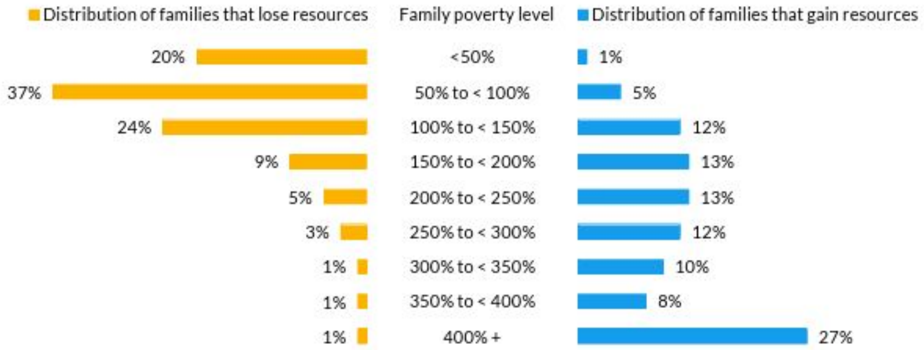
Reconciliation: House-Passed Bill Analysis

- The **Urban Institute** also estimates that the House-passed legislation would have the following effects:
    - Reduce Marketplace enrollment by **5 million people**, with most states losing one-third or more of enrollees.
    - Place **7.5 million students** at risk of losing individual access to free meals.
    - Reduce health care spending by **$797 billion over 10 years**, with hospitals and physicians facing an overall decline of $321 billion and $81 billion respectively.

FIGURE 1

Distribution of Families with Changes in Resources Due to Selected Policies in the House Budget Reconciliation Bill

Selected policies at full implementation, using the Supplemental Poverty Measure (SPM)



- Of the 13 million families in poverty that Urban estimates could lose resources as a result of the proposed policy changes, the **average family would lose $2,528 annually**, compared with an average resource gain of $470 for the 5 million families in poverty that could potentially gain resources.

Threats to Federal Funding

- Recall that when the Trump administration first came into office, one of its first actions was to freeze federal formula funding programs through a January 27th OMB memo. A coalition of states challenging this policy obtained relief in multiple courts against this policy.
- The administration has also moved forward with attempting to condition unrelated federal funding streams with compliance with its policy preferences.
- In coordination with DBM, state agencies are closely monitoring both the outright cancellation of existing federal grant programs, pauses or reviews on existing funding, and delays in the publication of Notices of Funding Opportunities (NOFOs).

Threats to Federal Funding: Grant Cancellations

- Some of the most significant impacts are as follows:
    - Cancellation of **$201M** in public health funding from SAMHSA and CDC
    - Termination of late liquidation period for more than **$98M** in education stabilization funding (ESSER and HCY funding) (under review)
    - Cancellation of **$13.4M** in Digital Equity Act funding
    - Cancellation of more than **$25M** in USDOL funding to improve and modernize the unemployment insurance (UI) system
- As a part of the DOGE effort, this Administration has moved forward with more targeted cancellations of **ongoing grants** using the authority provided by an OMB memo, by stating that grants “no longer effectuates agency priorities.” This week, a coalition of states including Maryland **brought a lawsuit** arguing that the blanket use of this authority to terminate grants is unlawful (New Jersey, et. al., v. Off. of Mgmt. & Budget, et. al.).

Threats to Federal Funding: Terms and Conditions

A coalition of **Democratic state attorneys general**–including our own–have filed **two major lawsuits** in Rhode Island as it relates to the Administration's imposition of new **terms and conditions** related to **immigration policy** that states must sign off on to receive unrelated federal funding.

- The first was filed after **DOT Secretary Duffy** issued a letter to recipients of DOT funding announcing its policy of imposing an immigration enforcement condition on all DOT funding.
  - Last week, a federal judge granted a **preliminary injunction**: "Congress did not authorize or grant authority to the Secretary of Transportation to impose immigration enforcement conditions on federal dollars specifically appropriated for transportation purposes."
- The second was filed after **DHS Secretary Noem** directed DHS and its sub-agencies, including FEMA, to withhold federal funding from jurisdictions that declined to assist in the enforcement of federal immigration laws. The following month, DHS amended the **terms and conditions** attached to its grants, requiring all recipients to vow to cooperate and comply with federal immigration enforcement efforts.
  - **Awaiting a ruling** on whether there will be a preliminary injunction in this case.

Threats to Federal Funding: Sanctuary Jurisdictions

- In late May, DHS published a list of nearly **500 "sanctuary jurisdictions"** as part of the "Protecting American Communities from Criminal Aliens" executive order. In addition to demanding that these jurisdictions change their policies, the Administration has threatened to revoke federal funding more generally if they failed to do so.
- The list included 10 Maryland cities and 8 Maryland counties, and also included the state writ-large.
  - **Cities:** Annapolis, Baltimore City, Cheverly, College Park, Edmonston, Greenbelt, Hyattsville, Mount Rainier, Rockville, Takoma Park.
  - **Counties:** Anne Arundel, Baltimore, Charles, Howard, Montgomery, Prince George's, Queen Anne's, Talbot.
- Just days later–following significant concerns from the **National Sheriffs' Association** and a number of **Republican electeds**–the list was taken down from DHS' website

Threats to Federal Funding: Sanctuary Jurisdictions

- The White House and DHS has promised a **new and accurate list is forthcoming.**
- While the Senate Judiciary Committee's reconciliation text initially included a provision to limit certain grant funding for "sanctuary cities," assessed by the AG's determination of state and local jurisdictions out of compliance with federal immigration law, this provision was **struck in the Byrd bath process** as a policy change insufficiently related to budgetary outcomes. Without the ability to use the reconciliation process, it is **unlikely that Congress will take this action.**
- There is an **existing preliminary injunction** preventing the Administration for cutting off federal funding to jurisdictions based on their sanctuary status (City and County of San Francisco v. Donald J. Trump, et al.)

Threats to Federal Funding: Rescissions & Impoundment

- Earlier this month, the White House requested—and the House passed—roughly **$9.4 million in funding rescissions**, largely targeting funding for foreign aid and public broadcasting to be clawed back.
  - OMB **Director Russ Vought is testifying** before the full Senate Appropriations Committee as we speak to sell this rescissions package in the Senate.
- While the rescissions that passed the House will not have a major Maryland impact themselves, the White House is reportedly eyeing further rescissions beyond this original package—through **impoundment and/or a budget deferrals package**.
  - Vought has repeatedly pledged to utilize impoundment as a **strategy to cut federal spending**, and appears to be testing the waters.
    - The **Impoundment Control Act** allows a president to withhold—or *impound*—funds only in certain circumstances for limited periods of time, ultimately leaving the final decision for whether to allow the spending to be deferred or rescinded with Congress, and Vought has made it clear he believes this law to be unconstitutional.
    - Earlier this month, Vought ordered several agencies—including EPA, NOAA, NASA, NSF, DOI, and HHS—to **freeze approximately $30 billion** in spending, despite the fact that an official request to Congress has yet to be made regarding that money.
  - Spending deferrals, on the other hand, are a separate mechanism by which the executive branch can **temporarily prevent the disbursement of authorized dollars**—but, again, only if approved by Congress.

President’s Budget Request & Appropriations

- In early May, the White House Office of Management and Budget (OMB) unveiled the **President’s Budget Request (PBR)**, which proposes $163B in non-defense discretionary spending cuts, nearly 23% below current year spending, and signals a significant shift in the federal-state partnership model, emphasizing greater autonomy for state governments while reducing direct federal support in a number of areas.
    - This PBR was “skinny”—or **low on details**, instead focusing on toplines and major funding changes—which is typical during the first year of any administration.
- Later that month, OMB released the 1,200+ page **budget request appendix**, which provided more information on the President’s proposed FY26 budget.
- As a reminder, **only Congress has the power** to set funding levels for federal agencies and programs, and the PBR—”skinny” or not—carries no legal weight.
    - That being said, the PBR is an opportunity for the Trump Administration to **signal its priorities** and provide a guide to Republican lawmakers in Congress.

President's Budget Request & Appropriations

- The PBR is technically meant to **kick off the annual regular appropriations process** in Congress by providing the legislative branch with a detailed framework to work off of.
- However, the White House has still **yet to send** the entire budget proposal to Congress, and has even expressed that it won't send the full budget request until *after* the reconciliation bill is passed.
- We are well behind schedule—**Congress should have the budget request by now.**

President's Budget Request (Maryland Impact)

- Some **major cuts**—proposed by the "skinny" PBR and expanded upon in the appendix—that will impact Maryland include:
  - $4.5 billion cut to **Title I** education funding
  - Elimination of **Adult Education State Grants and Preschool Development Grants**, through which Maryland received a combined $33 million in FY25
  - Nearly $2.5 billion cut to the **Clean and Drinking Water SRFs**, which are leveraged to provide nearly $300 million each year to Maryland communities and local governments
  - Nearly 50% cuts to the **CDC and NIH**
  - More than $1.5 billion cut to **State Opioid Response Grants**
  - Roughly $7 billion in cuts to space science, earth science, mission support, and more at **NASA**, leaving Goddard's future in further jeopardy
  - Elimination of **Dislocated Worker Assistance and Adult and Youth Training** grants
    - Replacement with new consolidated ***Make America Skilled Again*** grants

President’s Budget Request (Maryland Impact)

- Elimination of critical housing and energy programs like **CDBG, HOME, and LIHEAP**, through which the state and local communities receive more than $100 million annually
  - Replacement with new consolidated **State Rental Assistance Program** block grant
- Elimination of the **Job Corps**, through which Maryland has campuses in Woodland and Woodstock
  - US DOL has also since announced they are **pausing operations** at all Job Corps Centers
- While reporting tells us it had originally been slated for elimination, the **Head Start** program was conspicuously absent from the PBR.
  - HHS noted in written testimony to Congress that it would maintain funding for the program **at FY25 levels** (roughly $12.3 billion), although a plus up is needed to maintain current enrollment..

President's Budget Request & Appropriations

- Despite not having the full PBR, House Appropriations Chair Tom Cole (R-OK) has announced the FY26 House Appropriations markup schedule, and **markups have already begun**.
- Thus far in the House, the full Committee has marked up (1) **Agriculture**, Rural Development, Food and Drug Administration, and Related Agencies; (2) **Defense**; and (3) **Homeland Security**.
  - The Agriculture bill provides a roughly **4% cut** from FY25 enacted levels, the Defense bill **maintains funding** at FY25 enacted levels, and the Homeland Security bill provides a **slight increase** from FY25 enacted levels.
- The full House is also expected to take up the full **Military Construction-Veterans Affairs** and **Legislative Branch** bills this week.
- It is important to note that many of the proposals in these bills ultimately will not be agreed to by the Senate, and won't make their way into a **final FY26 funding bill**.
- The **Senate's timeline** for FY26 appropriations remains murky—while hearings have been held, no markups have been scheduled.