



# Policy Insider

A biweekly webinar series on federal and intergovernmental policy.

## FY 2026 Reconciliation 2.0

- **House passed the Homeland Security and Further Additional Continuing Appropriations Act (H.R. 7147)**  
On April 30 House passed final FY 2026 appropriations bill funding the Department of Homeland Security (including TSA, FEMA, Secret Service, Coast Guard, and CISA) and was signed into law ending the longest partial government shutdown (76 days). Funding excludes ICE and CBP.
- **Reconciliation 2.0 – Funding ICE & CBP**  
On April 23 the Senate passed S. Con. Res. 33 funding the Department of Homeland Security (DHS) and Customs Enforcement, Border Patrol (CBP) via Senate reconciliation budgetary process. On April 29, the U.S. House passed S. Con. Res. 33 by a vote of 215–211. House and Senate Judiciary and Homeland Security Committees have until May 15<sup>th</sup> to release proposals with June 1 deadline.
- **Senate Committees release reconciliation bills**  
On May 4 Senate Committees released legislative text of a roughly \$72 billion reconciliation package focused on immigration enforcement. The HSGAC portion would provide \$32.5 billion and the Judiciary portion \$39.2 billion, both well below the \$70 billion maximum allowed for each committee under the budget resolution

## FY 2026 Reconciliation 3.0

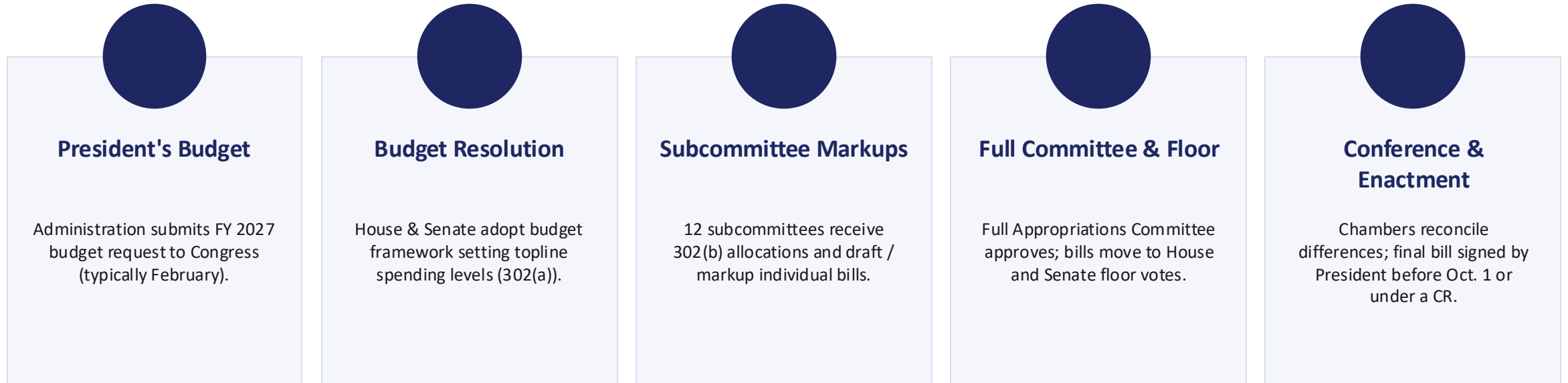
**House Republicans plan a third reconciliation bill, but details are unclear.**

Reconciliation 3.0 is the prospective third party-line bill of this Congress, following OBBBA (1.0, July 2025) and the current DHS/immigration enforcement package (2.0, targeted for June 1)

### **Majority priorities being floated for 3.0**

- **Supplemental defense/Pentagon funding** the administration has requested
- **SAVE America Act** - voter ID provisions — though only certain provisions might survive the Byrd rule, since reconciliation items must have meaningful budgetary impact
- **Spending cuts and "waste, fraud, and abuse" reforms** to federal programs
- **Healthcare reforms**, corporate AMT changes, and OBBBA technical fixes
- **Planned Parenthood Medicaid funding ban extension** — the OBBB one-year moratorium expires July 4, and the anti-abortion movement is heavily focused on it
- **Offsets for ICE/CBP spending** — some Republicans want a third bill specifically to include cuts to safety net programs to offset the 2.0 spending increase

## FY 2027 Appropriations Process



**House Appropriations Committee began FY 2027 subcommittee markups on April 17, with the first six of 12 spending bills advancing along with interim 302(b) subcommittee allocations.**

## FY 2027 Appropriations

- **Military Construction, Veterans Affairs, and Related Agencies** — Subcommittee markup April 17, 2026; approved by full committee April 21 (58-0). Provides \$157 billion in total discretionary funding, approximately \$4 billion (3%) above the FY 2026 enacted level.
- **Financial Services and General Government** — Subcommittee markup April 17, 2026; full committee markup April 22. Provides \$25.3 billion in total discretionary funding, approximately \$1 billion (3.8%) below the FY 2026 enacted level.
- **National Security, Department of State, and Related Programs** — Subcommittee markup April 23, 2026; approved by full committee April 28. Provides \$47.32 billion in total discretionary funding, approximately \$2.69 billion (6%) below the FY 2026 enacted level.
- **Agriculture, Rural Development, Food and Drug Administration, and Related Agencies** — Subcommittee markup April 23, 2026; approved by full committee April 28. Provides \$26.27 billion in total discretionary funding, approximately \$380 million (1.4%) below the FY 2026 enacted level.
- **Commerce, Justice, Science, and Related Agencies** — Subcommittee markup April 30, 2026; full committee markup pending. Provides \$77.341 billion in total discretionary funding, approximately \$670 million below the FY 2026 enacted level.
- **Legislative Branch** — Subcommittee markup April 30, 2026; full committee markup pending. Provides \$7.3 billion in total discretionary funding, approximately \$42.5 million above the FY 2026 enacted level.



## FY 2027 Appropriations

### NACo Submits FY 2027 funding priorities

On April 27, NACo sent a letter to leaders of the U.S. House and U.S. Senate Appropriations Committees urging lawmakers to adequately fund key federal programs of importance to counties in the Fiscal Year (FY) 2027

#### Priorities include:

- The Payment In-Lieu of Taxes (PILT) Program
- The Community Development Block Grant (CDBG) and HOME Investment Partnerships Program
- Emergency Management and Public Safety programs, including the FEMA Disaster Relief Fund (DRF) and preparedness grant programs
- Direct investment in transportation and infrastructure grant programs, including water infrastructure
- Key behavioral health and human services programs, including the Community Mental Health Services Block Grant and Substance Use Block Grant
- Support for rural communities, including USDA Rural Development programs, the ReConnect broadband program and wildfire mitigation funding
- Election administration programs, including HAVA election security grants and the U.S. Election Assistance Commission
- Cybersecurity support through the State and Local Cybersecurity Grant Program



*Scan to view NACo's  
FY27 Funding Priorities Letter*

## Farm Bill Updates: House Passes the Farm, Food, and National Security Act of 2026 (H.R. 7567)

- On April 30, the House of Representatives passed the *Farm, Food, and National Security Act of 2026* (H.R. 7567) by a vote of 224–200.
  - The over 800-page bill shapes federal policy on agriculture, nutrition, rural development, conservation, research and more.
    - *County Wins:*
      - Community development, infrastructure investments, forestry and land stewardship
    - *County Concerns:*
      - Nutrition title, program funding and local preemption
- Counties advocate for a robust, bipartisan farm bill that supports key county priorities.



Scan for NACo's blog on the  
*2026 Farm Bill*

## Surface Transportation Reauthorization Bill

- We are still waiting on the committees of jurisdiction in the House and Senate to put out the base text of their respective versions of the next surface transportation reauthorization bill
- This bill would replace the expiring Infrastructure Investment and Jobs Act that will lapse on September 30, 2026, and set the next five years of funding levels for transportation programs, as well as enact the policy governing how that funding is spent
- Counties have a vested interest in this bill as the owners and maintainers of 44 percent of America's road miles and 38 percent of bridges



*Scan for NACo's Surface  
Transportation Reauthorization  
Hub*

## Our Priority – H.R. 7437, the BASICS Act

- Our number one priority for inclusion in the bill is H.R. 7437, the bipartisan *BASICS Act*.
- This bill would grow formula funding access for counties through a series of programmatic changes. This includes increasing access to bridge funding, safety funding and general transportation dollars
- The bill also includes process reforms to make it easier for counties to access these funds
- The bill seeks to correct the current federal formula funding split among states and locals, which is roughly 85-15
- 85-15 does not reflect the reality of ownership or condition



Scan for NACo's *BASICS Act*  
Blog

## Other Priorities

- No increase to truck size and weight limits to protect our roads from further damage
- Rail safety provisions around hazardous materials, at-grade rail crossings and more
- Continued investment in public transit, both for operations and maintenance and for new systems
- Continuing discretionary grant programs while also making it easier to apply for funding and implement funding after winning an award
- Permitting reform for transportation projects with a safety focus or within the existing right-of-way



*Scan for NACo's Surface  
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