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This update reflects facts as of Monday morning, March 30, 2026. The situation is fluid and may change.

Congress recessed last week without acting on legislation to fund the Department of Homeland Security (DHS). The Department has been unfunded for six weeks, and it now appears the partial shutdown will last at least two weeks more. As the military action in Iran continues, the Administration is considering a supplemental funding request for Defense that could be as much as \$200 billion. That supplemental funding will be in addition to the Administration's coming budget request, which it has indicated it will transmit to Congress on Friday, April 3. The partisan divide over each of these requests raises the prospect the Republican majority could utilize the budget reconciliation process, potentially providing a vehicle for other revenue and spending proposals.

DHS funding. The point of partisan contention on DHS funding remains funding for Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP). Those two agencies account for about \$10 billion and \$18 billion, respectively, of the total discretionary spending of \$64 billion for DHS. Congressional Democrats have declined to support DHS funding without new limitations on immigration enforcement, largely rejected by the President and Congressional Republicans.

The Senate voted unanimously last week to fund DHS except for ICE and most of CBP. The plan was then to continue to negotiate ICE and CBP funding later. Some on the Republican side raised the possibility of utilizing budget reconciliation to avoid the need for 60 votes in the Senate, which would require some Democratic support.

The Senate bill and plan did not, however, have full support of House Republicans. House Republican leadership declined to bring the Senate bill to a vote. Instead, it passed on late Friday night to fund DHS fully for 60 days, albeit with only three Democrats voting for it. The Senate had by then already begun its recess. More importantly, Senate Minority Leader Schumer declared the House bill "DOA," meaning it could not pass the Senate outside of the budget reconciliation process.

At the same time, the President issued an executive order directing payment of wages to employees of the Transportation Security Administration. The source of the funds was not

specified in the EO, but payment of TSA wages should relieve some of the immediate public pressure to fund DHS. Operations of ICE and CBP are unaffected by the shutdown because funding for those agencies is available from OB3 funds. Other critical agencies like the Federal Emergency Management Agency, the U.S. Coast Guard, and the Cybersecurity and Infrastructure Security Agency, however, remain unfunded. How much longer is uncertain.

Defense supplemental funding. The Defense Department has sent to the White House a request for an additional \$200 billion in funding to offset the cost of the military action in Iran and to replace munitions. The White House has not yet approved the request and transmitted it to Congress, however. Doing so before the end of the action in Iran would be controversial. Many Democrats have questioned the objectives and execution of the military action, and some Republican members have said they would seek further details of its goals and future plans.

As in the case of DHS funding, sixty votes would ordinarily be required for Senate passage. Without sufficient Democratic support, supplemental Defense funding could add to the preference for a reconciliation bill, although a reconciliation bill would face other problems like questions about deficits.

The fiscal year 2027 budget. The White House has indicated an intention to transmit its FY2027 budget to Congress on Friday. Further indications are that it will include a request for a dramatic increase in defense spending, as much as \$1.5 trillion, about \$500 billion more than in the current fiscal year.

Executive Branch budgets are only the starting point in the budget process. Congress never votes on them as such, and it usually makes substantial changes. Nevertheless, transmission of the Administration's budget request begins the process that, in theory, should result in passage of the needed twelve appropriations bills by Congress before the beginning of the next fiscal year on October 1. Rarely does that happen, however, as the current year's experience demonstrates.

The annual budget request is ordinarily the place where the Administration puts forward its revenue proposals, as well as those for spending. It is worth noting that indications from the Administration are the tax portion of the budget will be quite thin. The President has said that he achieved his important tax goals in OB3. The Assistant Secretary for Tax Policy has said publicly that Treasury is unlikely to release a Green Book, Treasury's explanation of the Administration's tax proposals, providing further indication that the tax agenda will be very limited.

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