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This update reflects facts as of Monday morning, July 13, 2026. The situation is fluid and may change.

Congress returns from its Independence Day recess this week. During the break, the 21st Century ROAD to Housing Act became law, albeit without the President’s signature. That brings to a successful conclusion the long-pending housing affordability legislation, which had been delayed by House-Senate differences and a demand by the President for action on election reform legislation.

Only a short time remains before Congress departs again for its long August recess—15 workdays for the Senate, only 8 for the House. A high priority will be to address the now-expired foreign surveillance authority of the Foreign Intelligence Surveillance Act (FISA). Congress also faces a supplemental appropriations request that includes money for defense and the Iran war. The President has renewed his request for $350 billion in a new reconciliation bill, and House Speaker Johnson is under pressure from his Republican members to advance a bill. The President’s request would supplement his budget request for $1.15 trillion, which has so far thwarted progress toward FY2027 appropriations in the Senate.

FISA. Section 702, which authorizes warrantless surveillance of foreign persons, expired a month ago. Legislation to extend that authority was first delayed by bipartisan concerns about U.S. citizens becoming ensnared, but agreement has more recently been thwarted by Democratic objections to the appointment of an acting Director of National Intelligence (DNI). The President prevented confirmation of a permanent DNI by cancelling a confirmation hearing.

Some members of Congress may be reluctant to recess for five or six weeks over August without an extension, even if it must be a short one. It requires bipartisan support for passage by the Senate, however, and the President has not indicated when the Senate may proceed with confirmation of a permanent DNI.

Appropriations. The President has transmitted to Congress a request for a supplemental appropriation of $87.6 billion for the current fiscal year. Most of that—$67 billion—would be for defense. The defense shortfall is largely a consequence of the Iran war, which was almost universally opposed by Democrats. Bipartisan support is needed for Senate passage, where 60 votes are required.

The Defense Department has indicated that the supplemental funding is needed by August. Little apparent progress has been made, however. The issue has been further complicated by the resumption of the conflict in the Persian Gulf. Although likely to be contentious, here again many in Congress will be loath to begin its long August recess with the issue unaddressed.

More broadly, the House has been slowly working its way through appropriations bills for the 2027 fiscal year on a partisan basis. Work in the Senate, however, has so far been stymied by lack of agreement on the top lines of the 12 appropriations bills, particularly the divisive threshold issue of allocations between defense and non-defense programs. Bipartisan agreement is needed in the Senate, where 60 votes are required for passage. Democrats are demanding, as usual, roughly equivalent increases in non-defense spending. The Administration, however, has requested significant increases in defense spending and cuts to non-defense programs.

Senate Appropriations Committee leaders have been working toward a compromise but remain far apart. Without agreement on the threshold issue, let alone the top line numbers for the 12 bills, progress has been slow. It would not be at all surprising if Congress resorts in September to a short-term extension of current funding levels in a continuing resolution. Indeed, that has become in recent years more the rule than the exception.

Reconciliation 3.0. Further complicating regular appropriations is the President's renewed request for $350 billion for defense in a third reconciliation bill for this Congress. Given the difficulty of obtaining Senate approval of even the President's base request of $1.15 trillion for FY2027, the additional request seems most doubtful.

Nevertheless, talk of another reconciliation bill continues in Congress. House Speaker Johnson is under pressure from his Republican members to address their priorities, including deficit reduction and election reform—the SAVE America Act. Either would face resistance in the Senate. Beyond those elements, budget reconciliation lacks a clear agenda. There is no shortage of proposals, including tax, but none appears compelling and the competition for inclusion and potential revenue cost are a problem. In short, prospects for another reconciliation bill in the short term remain dim.

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