

APPROPRIATIONS VS. RECONCILIATION:

WHAT'S THE DIFFERENCE FOR HUD HOUSING PROGRAMS?

"Appropriations" and "reconciliation" are two separate processes that Congress uses to achieve different goals. This brief explainer highlights what state and local advocates need to know to understand key differences between the two processes, and how each process can impact funding for affordable housing and homelessness resources.

Appropriations, commonly referred to as the "federal budget process," is the yearly process Congress goes through to fund discretionary federal programs every fiscal year (FY). "Discretionary programs" refer to programs whose funding is determined by Congress every year through the appropriations process. New fiscal years begin on October 1, and last until September 30 the following year. For example, FY26 lasts from October 1, 2025, to September 30, 2026.

HUD programs are discretionary, and receive an annual funding allocation through the appropriations process. Every year, House and Senate Appropriators draft and pass a Transportation, Housing and Urban Development (THUD) spending bill that funds HUD programs, along with programs under the jurisdiction of the Department of Transportation. The THUD spending bill is one of 12 spending bills Congress must pass every year to fund federal programs and services.

New spending bills cannot be enacted with fewer than 60 "yes" votes in the Senate. Part of the Senate's "filibuster" rule, the 60-vote threshold in the Senate all but ensures bipartisanship will be required to pass a spending bill into law. If Congress has not passed a new spending bill for the upcoming fiscal year by October 1, they must pass a continuing resolution (CR). CRs maintain funding for federal programs at the previously authorized level for a specified period, giving Congress more time to finalize their spending bills. Without a new spending bill or CR in place by October 1, the federal government partially shuts down, resulting in limited federal services and programs until a new bill (or another CR) is passed.

Reconciliation is a special legislative procedure that Congress sometimes uses to move high-priority legislation more quickly than the regular legislative process allows. Created in the *Congressional Budget Act of 1974*, reconciliation has been used just 22 times to pass bills into law, most recently in the 2021 COVID-relief bill, the *American Rescue Plan Act (ARPA)*. The 2017 *Tax Cuts and Jobs Act* was also passed using reconciliation.

*Reconciliation bills are not subject to the Senate's filibuster rule, so they only need a simple majority – 51 "yes" votes – to pass the Senate. As a result, when one party controls the House, Senate, and White House, Congress can use reconciliation to pass a bill without bipartisan input or support. However, Congress can only use reconciliation for proposals that change mandatory spending, federal revenues (taxes), and/or the federal debt limit. Mandatory, or "entitlement," spending refers to programs whose funding is ongoing and pre-determined by law instead of the annual appropriations process. For example, Medicaid, Medicare, and the Supplemental Nutrition Assistance Program (SNAP) are mandatory spending programs. While Social Security is also a mandatory spending program, the *Congressional Budget Act* explicitly bans Congress from using reconciliation to change the Social Security program.*

Limiting reconciliation bills to only mandatory spending means Congress cannot use reconciliation to enact or rescind funding for programs funded by the annual appropriations process, including HUD programs. While some reconciliation bills have been used to provide additional funding for discretionary programs (for example, [ARPA](#) provided an additional \$5 billion for HUD's Homeless Assistance Grants program), that extra funding is treated as "mandatory" since it's not being provided through the appropriations process.

WHERE DOES THAT LEAVE FUNDING FOR HOUSING AND HOMELESSNESS ASSISTANCE?

Republicans are moving a massive reconciliation bill through Congress, with the goal of finalizing the bill before members begin their August recess. *Because of the rules limiting the provisions that can be included in a reconciliation bill, it does not include proposals that would impact HUD funding; however, other provisions being considered would cut anti-poverty programs that help people with the lowest income afford food and medical care, including SNAP and Medicaid.*

At the same time, members of the House and Senate Appropriations Committees are still negotiating funding levels for their FY26 spending bills, including the THUD bill that funds HUD programs. While the President released an [FY26 spending request](#) that would decimate HUD funding, only Congress has the power to allocate funding for federal programs; it will therefore be up to Congress to determine how much to provide HUD's vital affordable housing and homelessness assistance programs in FY26. Congress will need to pass a final FY26 spending bill or CR by October 1 to avoid a partial government shutdown.

TAKE ACTION AND LEARN MORE!

Use NLIHC's [FY26 Toolkit](#) to oppose harmful legislation that cuts funding to support affordable housing programs and homelessness resources.

Visit the Center on Budget and Policy Priorities for additional information on the annual [appropriations](#) process and an introduction on [reconciliation](#).

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