



S2 GUIDANCE ON WHITE HOUSE FY2027 FEDERAL BUDGET PROPOSAL

April 6, 2026

On April 3, 2026, the White House Office of Management and Budget (OMB) released its [FY2027 “skinny budget” proposal](#), which provides broad figures on proposed levels for federal agencies and programs, but few details. The proposal outlines significant reductions across multiple federal agencies and programs, with notable eliminations of several long-standing programs for grants, human and social services, environmental programs, and community revitalization. While this White House proposal serves as an initial framework and will be subject to congressional negotiation, it signals key policy priorities and potential funding risks for stakeholders.

Key Highlights

- Broad reductions across domestic agencies, often ranging from 10% to over 50%
- Elimination of numerous grant programs tied to economic development, housing, energy, human and social services, health programs, and community services
- Proposal for a massive increase in Department of War funding, as much as \$500 billion more.

Agency Specific Impacts

U.S. Department of Agriculture

- Calls for 19.8% decrease (-\$4.9 billion) in USDA from FY26 enacted levels
- Calls for vacating and privatizing the historic USDA South Building in Washington, DC
- Calls for \$82 million reduction in Rural Business Service, which includes the Business & Industry Guaranteed Loan Program, the Rural Economic Development Loan & Grant Program, Rural Business Development Grants, Rural Energy for America, and other programs
- Calls for \$61 million reduction in Agricultural Marketing Service program, including the Farmers Market Promotion Program, and the Local Food Promotion Program
- Calls for killing Community Facilities earmarks (-\$659 million in FY2026)

U.S. Department of Commerce

- Calls for 12.2% decrease in funding from FY26 enacted (-\$1.3 billion)
- Calls for eliminating the Economic Development Administration (-\$449 million)
- Calls for elimination of the Manufacturing Extension Partnership (-\$175 million)

U.S. Department of Energy

- Calls for 11% reduction (-\$2.7 billion) from FY26 enacted levels
- Cancels \$15.2 billion in Infrastructure Investment and Jobs Act funding

U.S. Department of Health and Human Services

- Calls for 12.5% decrease (-\$15.8 billion) from FY26 enacted levels
- Calls for elimination of Low Income Housing Energy Assistance Program (LIHEAP) (-\$4 billion)
- Calls for elimination of Community Services Block Grant program (-\$775 million)

U.S. Department of Homeland Security

- Calls for elimination of all of FEMA's Non-Disaster Grant programs including Building Resilient Infrastructure & Communities (BRIC) and Flood Mitigation Assistance (-\$1.3 billion)

U.S. Department of Housing & Urban Development

- Calls for 13% (-\$10.7 billion) decrease from FY26 enacted levels
- Calls for elimination of Community Development Block Grant (CDBG) (-\$3.3 billion)
- Calls for elimination of HOME Investment Partnership (-\$1.3 billion)
- Calls for elimination of Homeless Assistance Program (-\$393 million)

Interior

- Calls for elimination of Bureau of Reclamation WaterSmart program
- Calls for elimination of what seems to be Land and Water Conservation Fund / Outdoor Recreation Legacy Partnership grant programs

U.S. Department of Justice

- Calls for reduction in State and Local Grant programs by -\$1.7 billion

U.S. Department of Transportation

- Seeks \$770 million for BUILD (a 50% decrease from FY2026/IIJA funding level)
- Calls for \$486 million to be taken out of Transit grants
- Calls for \$4.2 billion to be taken out of National Electric Vehicle Infrastructure and Charging and Fueling Infrastructure grant programs

U.S. Department of Treasury

- Calls for \$204.5 million reduction in Community Development Financial Institutions (CDFI) Fund

U.S. EPA

- Calls for 52% decrease in EPA (-\$4.6 billion)
- Calls for \$2.5 billion reduction in Clean Water and Drinking Water SRFs (including earmarks)

Small Business Administration

- Calls for \$309 million reduction in Entrepreneurial Development Programs

Implications for Client Communities

- **High Risk to Grant Funding:** Many core federal grant programs supporting infrastructure, economic development, housing, and resilience are proposed for elimination.
- **Rural and Community Programs Impacted:** Rural development, local food systems, and community services programs face substantial cuts.
- **Energy & Infrastructure Shifts:** Reductions in clean energy and EV infrastructure funding may affect planned or pipeline projects.
- **Uncertainty Ahead:** This proposal is an opening position. Congressional appropriations will ultimately determine final funding levels, and historically, Congress has modified or rejected many proposed eliminations.

THE TIME IS NOW TO WEIGH IN with your Members of Congress, Senators, and congressional district staff about the importance of these programs to your community, and the impact these cuts would have on real people and families. Contact S2 if you want help on sending this message to your Members of Congress.