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President Trump Proposes to Slash Funding for Domestic Programs in FY2026

President Trump released today a “skinny” budget, outlining his spending priorities for Fiscal Year (FY) 2026. In his skinny budget, President Trump calls to slash domestic discretionary spending – which includes everything from education and housing to transportation, environmental protection, and public health - by 22.6% or a \$163 billion reduction. At the same time, the President proposes a 13% increase for defense spending and increased funding for homeland security.

In a [summary](#) of the skinny budget, OMB Director Russ Vought explained that the White House reviewed federal spending and determined that it was “laden with spending contrary to the needs of ordinary working Americans and tilted toward funding niche non-governmental organizations and institutions of higher education committed to radical gender and climate ideologies antithetical to the American way of life.” Throughout the budget, specific nonprofit organizations are identified and denigrated as “wasteful,” “liberal,” “radical leftists,” and pushing a “leftist agenda.”

The U.S. Departments of Education (Education), Housing and Urban Development (HUD), Labor, and Interior, the Environmental Protection Agency (EPA), and U.S. Agency for International Development are among those departments and agencies

that would be most harmed by the budget proposal, if enacted.

The president proposes, for example, to eliminate or deeply cut:

- Resources enacted by Congress under the Infrastructure Investment and Jobs Act (cut by \$15.2 billion) and other energy-efficiency programs (cut by \$2.6 billion).
- FEMA preparedness grants and state-level programs (cut by \$646 million).
- Substance use disorder programs administered by the Substance Abuse and Mental Health Services Administration (SAMHSA) (cut by \$1.06 billion).
- Funding at the EPA to support clean and drinking water (cut by \$2.46 billion).
- Assistance for refugees (cut by \$650 million).
- Fair housing enforcement (cut by \$60 million).
- Heating assistance for low-income households (cut by \$4 billion).
- Community services block grants (cut by \$770 million).
- Rental assistance (cut by \$26 billion) and resources to build affordable housing (cut by \$1.2 billion) and revitalize communities (cut by \$3.3 billion).
- AmeriCorps and other workforce programs.

The President's budget proposal is his latest effort to try to eliminate or deeply cut critical federal resources and denigrate nonprofit organizations that lawfully serve their communities. In late January, the Office of Management and Budget (OMB) sought to freeze all federal financial assistance, prompting NCN to file [landmark litigation](#) to block the effort. Since then, the Administration has terminated contracts, rescinded grants, and refused to allocate congressionally approved funding. After the Administration froze resources enacted by Congress in the Inflation Reduction Act and bipartisan Infrastructure Investment and Jobs Act, NCN again filed [litigation](#). More recently, President Trump has [threatened](#) to revoke nonprofit status for Harvard University and attempted to assign Department of Government Efficiency (DOGE) staff at the [Vera Institute](#), an independent nonprofit organization that received federal funding.

Like all presidential budget requests, the skinny budget represents the President's wish list of funding priorities. Congress ultimately has the responsibility to draft and enact a spending bill.

The President is expected to release a more detailed budget request, including funding proposals for all agencies, later this month, kicking off the annual

appropriations process. In the coming weeks and months, the House and Senate Appropriations Committees will begin to draft their proposed FY2026 spending bills. Congress has until October 1, the start of the new fiscal year, to either enact final spending bills or a stop-gap measure known as a continuing resolution (CR) to keep the government open, or it risks a government shutdown.

Resources

- [The President's FY 2026 Discretionary Budget Request](#), White House, May 2, 2025.