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This update reflects facts as of Monday morning, October 6, 2025. The situation is fluid and may change.

The partial government shutdown is continuing into its second week with no sign of progress on funding legislation. The House remains in recess, and there have been no leadership talks since last week's White House meeting. The duration of the shutdown is uncertain, as neither side has indicated movement. Tax legislation, meanwhile, remains an afterthought.

Government funding. The House passed a continuing resolution on September 19 before adjourning. That resolution was mostly "clean," that is, it would continue funding at current levels through November 21. It passed the House without Democratic support, however, and Senate Democrats have several times blocked passage by the Senate, where 60 votes are required. The last vote to proceed to passage was 54-44, with three Democrats voting for the measure and one Republican voting against it.

The principal issues for Congressional Democrats are health care and rescissions. Democrats are seeking to end rescissions. The President has twice sent to Congress rescission messages that have cancelled about \$15 billion in funding provided in the March 2025 funding legislation passed by Congress with Democratic support. The Democrats complaint is that executive branch rescission requests can be accepted by the Senate by simple majority vote.

There are two health care measures in the alternative continuing resolution offered by Senate Democrats, also rejected by the Senate on largely partisan lines. First, the Democratic CR would restore nearly \$1 trillion in funding for Medicaid over 10 years that was eliminated by OB3. Second, it would make permanent the Biden-era expanded ACA premium tax credits provided during the pandemic in ARPA that expire at the end of 2025.

The ACA premium subsidies have been the main point of emphasis for Democrats. Although the subsidies do not expire until December 31, ACA premium notices will be issued this month to the 24 million with ACA insurance in advance of the opening of the open enrollment period on November 1. Kaiser has estimated that the average increase in ACA premiums without the subsidies will be 114%. Nine of the top ten states by percentage of population on ACA health insurance are Republican majority states, including several important battleground states.

Republicans counter that these Covid-era subsidies in many cases go to middle and upper middle-class families and are expensive and unnecessary. The 10-year cost of making the expanded subsidies permanent is about \$350 billion.

Nevertheless, there is some Republican support in Congress for extending the ACA subsidies. But even short-term extensions being discussed among a handful of Senate Republicans and Democrats would have a significant cost, about \$30 billion per year. It does not seem at present that a majority of Congressional Republicans would support an extension, let alone making the expanded subsidies permanent.

There obviously are a great many other issues dividing the parties—from immigration and National Guard deployments to layoffs and impoundments—and contributing to the division over government funding. Eventually the government will be funded, but at what cost and how long it will take is unpredictable.

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