



Capitol Hill Weekly

Washington National Tax
Federal Legislative & Regulatory Services

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This update reflects facts as of Monday morning, December 1, 2025. The situation is fluid and may change.

Congress returns from its Thanksgiving Day break this week with only three scheduled weeks remaining in 2025. Funding the government for the remainder of the 2026 fiscal year remains the most pressing order of business, with a January 30 deadline looming. As Republican and Democratic negotiators resume work on spending levels and related budgetary issues, hanging over final action are the same issues that resulted in the October shutdown, namely health care and executive branch rescissions of appropriated funds.

Congress has passed only three of the twelve appropriations bills needed to fund the government, probably the easiest three. The House has largely deferred to the Senate in the first instance, given the need for bipartisan support because 60 votes are needed for passage. Senate appropriators are working on a five-bill package that would include by far the largest two bills: Defense and Labor/HHS/Education. Those two bills represent about 75% of annual federal discretionary spending and are generally joined in order to engender bipartisan support. The remaining four bills are currently on separate tracks, with some likely to prove difficult, such as Homeland Security where immigration is a likely area of disagreement.

Whether and how soon Congress might act on funding measures may depend on resolution of the lingering shutdown issues involving the Affordable Care Act (ACA) and, to a lesser degree, rescissions. ACA subsidies that were enhanced and expanded by the American Rescue Plan Act (ARPA) expire at the end of the year, and without them, premiums for many will increase dramatically. Democrats are seeking to have the Covid-era subsidies made permanent, a position that has only limited Republican support. Low level bipartisan discussions of an ACA extension have not produced viable proposal so far. Leadership discussions have been virtually nonexistent. The White House reportedly suggested a short-term extension with new limits, but it proved unacceptable to most House Republicans and was not publicly offered.

Senate Democrats were promised a Senate vote on an ACA plan by December 12. If no plan can garner the needed 60 votes, it is entirely possible that Democrats will again attempt to use government funding as leverage by withholding support for the needed funding measures. Negotiations should be expected to intensify, now that Congress has returned and the December vote approaches.

The lingering issue of rescissions has also been emphasized by some Democrats, although it has received less public attention. Last year, the President rescinded over \$14 billion in funding for the 2025 fiscal year. Democrats are seeking to limit future rescissions, which can be approved by a simple Senate majority, and so not needing Democratic agreement.

It would not come as a surprise, given the outstanding issues, if both the appropriations and ACA subsidies negotiations, and possibly rescissions, carry over into January.

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