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## **GOVERNMENT SPENDING**

### **Fiscal Year 2025 and 2026 Federal Appropriations: The Big Picture**

- In March 2025 Congressional Republicans passed, with the help of a decisive number of Senate Democrats, a continuing resolution (CR) that funded all government agencies through September 30, 2025. The March 2025 CR was necessitated by Congress's inability in 2024 to follow "regular order" and pass, before the end of Fiscal Year (FY) 2024, the 12 appropriations bills to fund the federal government.
- As AFGE members well know, Congress failed to fund the government by September 30, 2025, when the March 2025 CR expired. Specifically, Congress failed to pass either the 12 regular FY26 spending bills before the September 30 deadline or extend the expiring March-enacted CR. This led to the 43-day government shutdown that finally ended on November 12 with enactment of a CR expiring on January 28, 2026.
- Up until Saturday, January 24, Congress was poised to pass, before the expiration of the CR on Friday, January 30, all 12 spending bills needed to fund the federal government through September 30, 2026. However, the shooting death of AFGE member Alex Pretti in Minneapolis on January 24 prompted Senate Democrats to insist that funding for the Department of Homeland Security (DHS) be stripped from the package of spending bills the House passed on January 22.
- Initially, Senate Republicans refused to separate DHS funding from the rest of the spending package. However, as demands for restraints on DHS funding intensified in the days following Mr. Pretti's death, Republicans finally relented, agreeing with Democrats to pass full year funding for all federal agencies except DHS, which they agreed to fund with a two-week CR.
- The intention is to use this two-week period to negotiate commonsense reforms of DHS immigration enforcement practices, an outcome that is by no means certain given how far apart Congressional Democrats and Republicans are on this controversial issue. It is important to note that some AFGE members experienced a short government shutdown because the House did not pass, and President Trump did not sign, the Senate-passed spending package until Monday, February 2.
- Even in the wake of the crisis in Minneapolis that threatened to shut down most of the federal government, Congress was able to pass a spending package that, except for DHS, funds the government through September 30, 2026. The confrontation between Democrats and Republicans over ACA-Obamacare subsidies that led to the 2025 shutdown did not repeat itself in January as the CR's expiration neared. Government shutdowns are always politically unpopular for both parties, especially in an election year, so Democrats and Republicans were motivated in January to agree on an appropriations package that funds the government for the rest of FY26.
- This outcome is good news for AFGE members and federal workers generally, sparing them the prospect of being furloughed without pay or forced to work without pay for the balance of the fiscal year. Most AFGE members employed by DHS are also unlikely to be furloughed or forced to work without pay if

Congress fails to fund DHS after February 13 because they are either paid with fees collected by DHS or can be paid with money that was earmarked for DHS last summer in the One Big Beautiful Bill Act.

- Unfortunately, the FY26 funding levels for many agencies are below what agencies need to fully meet current demands, but they are significantly better than what the Trump administration and House Republicans had initially proposed.
- AFGE is encouraged that the FY26 spending package includes provisions that Congressional Democrats claim will make it harder for the Trump administration to make arbitrary cuts to the federal workforce and refuse to spend money as Congress intended, as happened in 2025. Only time will tell if these “guardrails” are sufficient to hold the administration to account.
- AFGE supported a provision sponsored by Sen. Tim Kaine (D-VA), informally called the “Anti-RIF” provision, that would prohibit the Trump administration from summarily terminating federal workers when any agency is funded through a CR, as is now the case with DHS. This provision was included in the CR that funded the government from November 12 through January 30 to stop the Trump administration from using the spending fight as a pretext for firing federal workers. AFGE will continue to work closely with Sen. Kaine, as we have throughout the past several months, to retain this language in a spending deal to fund DHS for the rest of the fiscal year.
- Looking ahead, when the FY26 spending package that was enacted in January expires on September 30, 2026, AFGE expects that Congress will pass, and President Trump will sign, a short-term CR that funds the government past this November midterm elections. Neither party relishes a government shutdown four weeks before an election. That being said, given the current administration’s unpredictability and the narrow and fragile House Republican majority in 2026, it is possible that relatively smooth passage of a CR by the end of September is not guaranteed.

### **Reviewing the Causes of and Lessons Learned from the 2025 Shutdown**

On September 19, 2025, the House of Representatives advanced, without the support of a single Democratic member, a “clean” CR that would fund federal agencies through November 21 at the FY25 levels set in the CR that expired on September 30.

After passing the CR, the House adjourned, leaving the CR’s fate to the Senate, where the Republican majority needed to secure at least seven Democratic votes to reach the 60-vote majority required for passage. Senate Democrats, led by Senate Democratic Leader Charles Schumer, conditioned their support for the CR on the reauthorization of expiring Obamacare tax subsidies and repeal of Medicaid cuts in the One Big Beautiful Bill Act that President Trump signed on July 4. Senate Republicans rejected this proposal.

AFGE supported the Democrats’ position that tax subsidies be included in the CR – which, importantly, have no direct impact on the health insurance AFGE members receive through the Federal Employee Health Benefits (FEHB) Program. AFGE forewarned Senate Democratic Leader Charles Schumer and House Democratic Leader Hakim Jeffries in early October that eventually AFGE would have to support enactment of a CR without subsidies once AFGE members began missing full pay checks, which occurred for the first time on Friday, October 24. The following week, AFGE called for passage of a clean CR, which received considerable media attention. After being reminded that AFGE’s mandate since 1932 has been to defend federal pay, benefits, and civil service protections, Congressional Democrats generally understood AFGE’s position, particularly once they learned that increasing numbers of federal workers were turning to food banks for assistance.

## Why did the 2025 Shutdown Finally End?

Four factors explain why seven Senate Democrats and one Independent joined Senate Republicans to advance the CR:

1. **Federal workers and military personnel not being paid:** Had the CR not been enacted in November, U.S. military personnel, for the first time in history, would not have been paid on time.
2. **In late October, AFGE called for passage of a clean CR, which received considerable media attention:** After being reminded that AFGE's mandate since 1932 has been to defend federal pay, benefits, and civil service protections, Congressional Democrats generally understood AFGE's position, particularly once they learned that increasing numbers of federal workers were turning to food banks for assistance.
3. **Air travel disruptions:** Increasing numbers of air traffic controllers were forced to take other jobs, causing a labor shortage at airports that disrupted flights and upset the traveling public.
4. **Disruption in food security programs:** 42 million Americans who depend on federal nutritional assistance programs were directly harmed by the lapse in funding.

## Did Democrats "Lose" in Voting to Reopen the Government?

Although no Democrat said it, their strategy of forcing Republicans to extend Obamacare subsidies by withholding support for the CR was always highly unlikely to succeed. As much as Obamacare benefits voters in red states, a significant number of Senate and House Republicans detest Obamacare and are determined to end it. Voting to extend a critical component of Obamacare would have been anathema to these Republicans, tantamount to surrendering in a fight they have waged since ACA was enacted in 2010. Most signs indicated that Republicans were more than willing to continue the shutdown if the alternative meant voting for a CR that extended ACA subsidies.

Given that Democrats tied their support for a CR to Obamacare subsidies, the initial reaction was that they "lost" the shutdown battle by voting to reopen the government through January 30, 2026. That assessment was true as far as it goes but ignored what Democratic leaders Schumer and Jeffries may have had in mind all along when they linked Democratic support for the CR to an extension of subsidies. Republicans' unbending refusal throughout the October-November shutdown to even consider, much less include, ACA tax subsidies in the CR despite the sharp spike in health insurance premiums that the subsidies would have blunted angered countless voters in Republican-held states and House districts around the country. By fighting for ACA subsidies for almost 50 days, Democrats cast into sharp relief where the two parties stand on health insurance affordability. This could pay significant dividends for Democratic candidates next November. Simply put, Trump and Congressional Republicans now "own" the problem of health insurance affordability because they refused to deal with the issue when they had the chance.

As federal workers confronted deepening financial stress with each missed biweekly paycheck, as federal nutritional assistance programs (SNAP, WIC, TANF) went unfunded and unable to support 42 million Americans, and air traffic control systems were left in disarray approaching Thanksgiving, the pressure was on President Trump and Congressional Republicans and Democrats to end the shutdown. Sooner or later, Democrats were bound to define success as something less than securing the extension of ACA subsidies. Simply put, the shutdown's worsening toll on unpaid federal workers and troops and hungry children was more than they could tolerate.

To repeat, in voting to reopen the government, largely on Republican terms, Democrats may have "lost" in the short-term but not in the long run. Indeed, they may be in a stronger position in 2026 than at any time since Trump became president because they have vividly demonstrated, against Republican opposition, the

importance of subsidies in keeping health insurance affordable for people who do not receive it through their employers and who are now facing significant premium increases in their absence.

The fact that AFGE has made collective bargaining in the federal workplace a bipartisan issue has gone a long way to sending the message to anti-labor Republicans that attacking the civil service divides the party, hurts their constituents, and is a waste of legislative time and energy.

### **Lessons Learned: Federal workers must not be held Hostage during Government Shutdowns**

The 43-day government shutdown underscored that federal workers are directly harmed by Congress's failure to pass spending bills. AFGE is determined to make sure no federal worker goes unpaid in any future government shutdown.

During the October shutdown, which eventually became the longest on record, Senator Ron Johnson (R-WI) introduced the "Shutdown Fairness Act" which, if enacted, would appropriate funds to continue paying federal employees during future shutdowns, while Congress continued to work through differences on spending levels. An early version of the bill would only have paid so-called "essential" or excepted federal employees – those ordered to continue working during shutdowns. However, AFGE worked with Senator Johnson to offer an improved version that would pay all federal employees along with members of the military and certain federal service contractors. This updated version of the "Shutdown Fairness Act" was introduced as S. 3168 on November 9, 2025. The improved bill included numerous safeguards contained in a Democratic proposal to ensure that funds can only be used for salaries of existing employees, and that those employees would continue to perform their jobs to the maximum extent practicable given the lack of program funding. The bill received some Democratic support in a Senate vote just prior to the end of the shutdown on November 7.

On January 16, 2026, a House companion bill (H.R. 7137) was introduced by Rep. Dusty Johnson (R-SD) and Rep. Josh Gottheimer (D-NJ) co-sponsored by 14 other members, equally divided among Democrats and Republicans. Although any bill to mitigate the effect of shutdowns has some potential downsides, AFGE strongly believes that this bipartisan legislation is necessary given the increasing frequency and duration of shutdowns in recent years. Divided government and strong ideological conflicts – along with the necessity for 60 votes in the Senate to move appropriations bill – are a recipe for more government shutdowns in the future. Federal worker salaries are a modest portion of the federal budget, but it is federal employees who personally and immediately suffer the worst consequences when the government shuts down. Although Congressional appropriators are typically reluctant to cede any further authority (including control over federal pay during shutdowns), a shutdown pay bill has become a necessity to stop further damage to the civil service from sudden and prolonged interruptions of pay. In addition, the bill costs nothing to the taxpayer and saves money, since federal law already guarantees back pay for all employees once a shutdown is concluded. AFGE believes that federal employees should no longer be used as pawns in funding disputes, with both parties highlighting their sufferings to gain the upper hand in unrelated political disputes.

#### **Congressional Actions:**

- 1. Co-sponsor and pass H.R. 7137 / S. 3168, the bipartisan "Shutdown Fairness Act" to pay federal employee and military salaries during future shutdowns**
- 2. Ensure that the final FY 2026 budget bill(s), including the DHS appropriation, retain language prohibiting RIFs across all government agencies to provide stability following drastic cuts in 2025**