



*Week Ending 10-17-25
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Congressional Overview

Originally, the Senate was scheduled to be on a break this week but has reconvened due to the ongoing government shutdown. The House canceled votes this week, but Minority Leader Hakeem Jeffries (D-NY) has asked his caucus to return to D.C. The federal deficit fell slightly from a year ago. The Treasury Department reported Thursday that Uncle Sam ran a deficit of \$1.775 trillion in Fiscal Year 2025, down \$41 billion from a year earlier. That happened because of a record \$198 billion surplus in the month of September.

Status of FY 2026 Funding

Currently, both parties express a desire to negotiate a broader funding agreement, but they disagree on the sequence. Republicans maintain that negotiations cannot commence until Democrats provide sufficient votes to pass the House-approved Continuing Resolution (CR). Conversely, Democrats insist on discussing the specifics of a broader deal before assisting with passing the funding measure in the Senate.

- Pay our Troops: The President ordered the Pentagon to find a way to pay U.S. troops. Department of Defense (DOD) officials are diverting \$8 billion in previously appropriated research and development funding. It's not clear that the Pentagon can do this legally, but leaders in both parties are privately applauding the effort to pay our troops.
- Coast Guard: The Administration also announced that the Coast Guard will also receive paychecks.
- Law Enforcement: OMB is also working on a plan to get paychecks to federal law-enforcement officers.
- WIC: The Trump Administration will ensure the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) can continue to operate for the foreseeable future. The Administration says it will use funds from tariff revenue to fund the program.

Congressional Republicans and the White House are adopting differing (and sometimes conflicting) strategies to resolve the impasse. Senate Majority Leader Thune (R-SD) and House Speaker Johnson (R-LA) are employing a more methodical approach. Thune continues to bring the House-passed CR to the Senate floor for re-votes, banking on the eventual shift in enough Democratic votes. One leverage point he anticipated was resolved over the weekend when President Trump announced the Defense Department would repurpose unused funds to ensure active-duty military personnel receive their paychecks, due this Wednesday. Additionally, the White House stated last week that tariff revenue would be used to continue funding the Women, Infants, and Children (WIC) nutrition program through October, resolving another potential inflection point. Both Thune and Johnson are striving to keep their members aligned, with Johnson even keeping the House out of session for over three weeks to prevent

unoccupied Members from complicating matters further. These strategies have resulted in a notably low-energy shutdown compared to previous government funding battles.

In contrast, the White House has adopted a more aggressive, ideological, and unpredictable approach to increase political pressure on Democrats. Last week, the administration leaked a draft White House Office of Management and Budget (OMB) memorandum arguing that furloughed federal workers are not eligible for back pay once the government reopens. This issue relates to the Government Employee Fair Treatment Act of 2019, which stipulates that both furloughed and exempted employees “shall be paid” for the shutdown period “subject to the enactment of appropriations Acts ending the lapse.” The OMB contends that this provision is not self-executing, and back pay for furloughed employees requires specific appropriation. However, the House-passed CR does not include such appropriation language. Congressional Republicans quickly countered, insisting that this is not how the law operates and that government workers should receive back pay. President Trump later remarked that the administration would “take care of our people, but some people don’t deserve to be taken care of.” On Friday, the OMB announced that mass federal layoffs had commenced, with over 4,000 employees reportedly laid off last week and more cuts possible. The administration asserts these layoffs are substantial but will not affect every government agency. Democrats argue that these layoffs are part of the President’s long-term agenda and would have occurred regardless of the shutdown.

Within the Republican Party, disputes persist over the Democrats’ core demand – extending the ACA enhanced premium tax credits. Last week, Rep. Green (R-GA) vocalized her frustration that GOP leadership has not devised a plan to extend the credits to avoid significant health insurance premium increases for American citizens. However, far-right members remain vehemently opposed to any extension of the credits.

Despite these developments, as illustrated in the chart below, support for the CR has remained unchanged since September 30. Both sides are now looking to President Trump to tip the scales.

Date	House Vote	Senate Votes
9/19/25	PASSED: 217-212 <u>Republicans voting no:</u> Reps. Tom Massie (R-KY) and Victoria Spartz (R-IN) <u>Democrats voting aye:</u> Rep. Jared Golden (R-ME)	Failed cloture vote: 44-48* <u>Republicans voting no:</u> Sens. Rand Paul (R-KY) and Lisa Murkowski (R-AK) <u>Democrat voting aye:</u> Sen. John Fetterman (D-PA) *Eight Republicans did not vote
9/30/25		Failed cloture vote: 55-45 <u>Republican voting no:</u> Sen. Rand Paul (R-KY) <u>Democrats voting aye:</u> Sens. Catherine Cortez-Masto (D-NV), John Fetterman (D-PA), and Angus King (I-ME)
10/1/25		Failed cloture vote: 55-45 Same votes as above
10/3/25		Failed cloture vote: 54-44* Same votes as above *One Republican and one Democrat did not vote
10/7/25		Failed cloture vote: 52-42* Same votes as above *Three Republicans and three Democrats did not vote
10/8/25		Failed cloture vote: 54-45* Same votes as above *One Republican did not vote
10/9/25		Failed cloture vote: 54-45* Same votes as above *One Republican did not vote

Employee Rights Act Reintroduced in Senate

On October 8, Sen. Scott (R-SC) reintroduced the Employee Rights Act, which mandates secret ballots in union representation elections, recognizes right-to-work, harmonizes the independent contractor standard across labor law, and codifies the joint employer standard.

Fair Pay for Federal Contractors Act

Sen. Kaine (D-VA) introduced Fair Pay for Federal Contractors Act, which would: (1) provide federal contractors with back pay (and restored paid leave benefits, if used) after a government shutdown; (2) cover costs associated with back pay for workers in an amount equal to their weekly compensation up to \$1,442; and (3) require the Office of Federal Procurement Policy to submit a report on federal contractors accessing back pay.

The Faster Labor Contracts Act

The Faster Labor Contracts Act, introduced by Reps. Norcross (D-NJ) and Stauber (R-MN), would speed up the process of the first collective bargaining agreement between a newly unionized group of workers and their employers. The Faster Labor Contracts Act would amend Section 8(d) of the National Labor Relations Act (NLRA), to require that:

- After workers have voted to form a union, employers must begin negotiating with the new union within 10 days;
- If no agreement is reached after 90 days, the dispute will be referred to mediation;
- If mediation fails after 30 days, or additional periods agreed upon by both parties, the dispute will be referred to a binding 3-person arbitration panel to secure an initial contract; and
- The Government Accountability Office commission a report on average workplace time-to-contract one year after enactment.

Senators Josh Hawley (R-MO) and Cory Booker (D-NJ) introduced this bill in the Senate.

The FY 26 National Defense Authorization Act (NDAA)

The Senate overcame a month-long impasse on the annual NDAA last week by agreeing on the number of standalone amendments to receive a vote. The chamber accepted some of those amendments and passed the underlying bill (S. 2296) last Thursday evening. Because the Senate bill differs from the version of the NDAA passed in the House in September, the House and Senate Armed Services Committees will negotiate a compromise version. House Committee Chairman Rogers (R-AL) says he would like to see a final bill passed out of both chambers by Thanksgiving. The NDAA frequently serves as a vehicle for enactment of non-military legislative provisions.

IRS and Treasury News

The IRS furloughed nearly half of its staff last Wednesday. Most operations will close, but employees working on filing season preparation, IT, and implementation of tax provisions included in the recently enacted One Big Beautiful Bill Act will continue working, as will some in the criminal division. The administration announced that Derek Theurer, also nominated to be Treasury Deputy Under Secretary for Legislative Affairs, will serve as acting Deputy Secretary of Treasury. Michael Faulkender previously held that position, but he left the Department last month.

CBO's Budget Review

The CBO's monthly budget review estimates that the deficit was \$1.8 trillion for FY25, which is \$8 billion less than the shortfall from FY24. Revenues for FY25 increased by an estimated \$308 billion, or 6 percent. Outlays rose by an estimated \$301 billion, or 4 percent.
