HB STRATEGIES AFTER THE SHUTDOWN

After 43 days, the federal government is open again. **The bipartisan team of HB Strategies Federal provides this analysis of what happened, what it means, and what comes next following the longest shutdown in U.S. history.** Congress passed a funding package combining three full-year appropriations bills with a continuing resolution through January 30, 2026, providing year-long funding for SNAP, WIC, veterans' services, and agricultural programs while temporarily funding 70% of government operations.

This week, the Senate and House passed a bill to end the longest federal government shutdown in U.S. history, yet without the healthcare deal that most Democrats fought for. The bill passed combines three full-year appropriations bills with a continuing resolution that keeps the government open through January 30, 2026. The three fiscal year appropriations bills provide funding through September 30, 2026 for approximately 30% of federal discretionary spending, including SNAP's $8 billion in monthly benefits, WIC's 7 million recipients, veterans, and agricultural programs.

The "minibus" includes the Agriculture-FDA, Legislative Branch, and Military Construction-Veterans Affairs appropriations bills. Those bills authorize full fiscal year funding for the U.S. Department of Defense (DOD) military construction program, U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture (USDA), prominent USDA programs like Supplemental Nutrition Assistance Program (SNAP), and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), as well as the U.S. Food and Drug Administration (FDA). In a victory for Democrats, the Legislative Branch bill maintains current level funding for the Government Accountability Office (GAO) after the House earlier tried to cut its budget.

The agreement did not include language to extend Affordable Care Act (ACA) subsidies, which are set to expire at the end of 2025. While Senate Majority Leader John Thune (R-SD) agreed to hold a vote in December to decide whether to extend them, Speaker of the House Mike Johnson has not committed to doing the same. The continuing resolution also reverses reductions-in-force (RIFs) issued during the shutdown, stops future RIFs through January 30, 2026, and guarantees backpay for federal workers. Air traffic controllers, whose absence nearly crippled the nation's aviation system, will receive 70% of their back pay within 48 hours of the government reopening; the remaining 30% will be paid within one week.

EIGHT IS ENOUGH Three former governors, Senators Jeanne Shaheen (D) and Maggie Hassan (D) of New Hampshire and Senator Angus King (I) of Maine led the negotiation that resulted in eight members of the Senate Democratic Caucus breaking ranks to reopen the federal government. Senators John Fetterman (D-PA) and Catherine Cortez Masto (D-NV) consistently voted to end the shutdown, as had Senator Shaheen, arguing the shutdown was inflicting pain on Americans and was not the place to extract a solution to the underlying ACA policy disagreement. Fellow Nevada Senator Jacky Rosen joined the vote to reopen. Senator Dick Durbin (D-IL) was the only member of Democratic leadership to vote for the package; Senator Durbin previously announced his retirement. Senator Tim Kaine (D-VA), also a former governor, was the final push that allowed enough votes to pass the measure. Since the beginning of the shutdown, Senator Kaine has staunchly advocated for the retroactive disallowance of RIFs since October 1 and the pausing of future RIFs. **Each of these Senators shares common threads – they represent Presidential swing states, most have state government experience, and all are either retiring or not up for re-election in 2026.**

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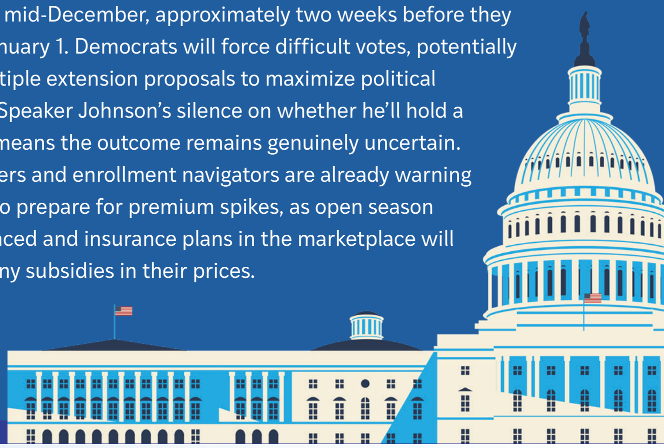
SO WHAT HAPPENS NOW The federal government remains open through the new year until January 30, 2026. This avoids what House Republicans describe as insurmountable pressure to pass another stopgap measure in late December before Christmas. The most immediate priority is operational, the full return to normal functions for over 670,000 federal employees who were furloughed and 730,000 who worked without pay. Some systems of government have been dormant for six weeks; jumpstarting those functions is not instantaneous. Agencies will operationalize the voiding of RIF notices, rehires, and backpay. The Office of Personnel Management has directed agencies to restore terminated employees to their September 30 status "without interruption." However, the practical reality of payroll systems means most workers won't see checks until next week.

Federal programs will resume with varying degrees of complexity. SNAP and WIC benefits will flow normally to the over 42 million recipients now that full fiscal year 2026 funding is secured. Still, state administrative delays from the disruption remain, benefit cards need reloading, eligibility verifications were paused, and caseworkers are behind on processing – delays are possible. Veterans' affairs facilities reopen fully staffed, and agricultural programs can resume disbursements. For agencies operating under the continuing resolution rather than full-year appropriations, including Defense, HHS, and most cabinet departments, the return to normal is more constrained. They're funded but limited to prior-year spending levels and prohibited from starting new initiatives, a restriction that will bind tighter as the January 30 deadline approaches.

The December ACA vote looms as the next major flashpoint. Senate Majority Leader Thune has committed to holding a floor vote on extending subsidies by mid-December, approximately two weeks before they expire on January 1. Democrats will force difficult votes, potentially offering multiple extension proposals to maximize political discomfort. Speaker Johnson's silence on whether he'll hold a House vote means the outcome remains genuinely uncertain. Health insurers and enrollment navigators are already warning consumers to prepare for premium spikes, as open season has commenced and insurance plans in the marketplace will not reflect any subsidies in their prices.



NEW YEAR, SAME PROBLEM Congress has just two months to fund the remaining 70% of government operations through the end of fiscal year 2026. Nine appropriations bills remain on the table. The three that made it into this week's minibus were the least controversial: veterans, agriculture, and legislative branch enjoy broad bipartisan support. What is left are the political minefields: Defense, Health and Human Services, Homeland Security, Justice, Education, State, and others, where every line item can trigger disagreement.

Appropriators gave themselves until January 30 to pass as many bills as possible. Still, the structural problem remains unchanged: House and Senate topline numbers are billions of dollars apart, and the policy riders attached to each bill reflect different priorities. In a best-case scenario, negotiators produce an omnibus covering agencies with full-year funding. Alternatively, some bills can be combined into a second minibus with yet another partial CR through spring.

INSIDE POLITICS The longest shutdown in U.S. history confirmed what we already knew: shutting down the federal government is not an effective negotiating tactic for the minority party. In 2018, Senate Republicans were in the minority and insisted on border wall funding – eventually reopening the government without obtaining their demand. Earlier shutdowns over ACA repeal ended the same way. This time, Senate Democrats were in the minority and held the filibuster, calculating that six weeks of pain would pressure Republicans to extend ACA subsidies. Instead, Democrats voted to reopen the government without an extension and no guarantee of one - only a promise in one chamber of Congress for a vote. The pattern holds: the minority overestimates its leverage, the majority believes it can outlast the pain, and eventually, external pressure forces resolution on terms favorable to whoever controls the government. The 2018 shutdown ended within hours of LaGuardia Airport halting operations; similarly, this shutdown's FAA-mandated flight reductions resulted in the U.S. aviation system visibly unraveling heading into the busiest travel season – Thanksgiving. Compounded with SNAP uncertainty, average Americans began paying the price of shutdown pain.

The November 4 elections showed voters care overwhelmingly about affordability and cost-of-living. Last week, the White House increased its messaging on affordability, with the President suggesting a $2,000 payment to low and middle-income citizens from "tariff dividends," and housing affordability measures. The White House clearly recognizes that affordability will be a uniquely dominant issue in next year's midterm elections. The party that can claim that it is lowering costs rather than playing brinkmanship enters the cycle with the advantage. **This shutdown clarified what voters want. It didn't clarify which party will ultimately deliver.**

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