

The Virgin Islands Consortium

Trump Threatens Permanent Cuts to Federal Programs as Shutdown Enters Third Week

President Trump says his administration will publish a list of programs targeted for elimination if Democrats refuse to extend Affordable Care Act subsidies, escalating a standoff that has already furloughed 750,000 workers and halted gov't operations.

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With the federal government shutdown entering its third week, President Donald Trump announced Tuesday that his administration will unveil a list on Friday of federal programs targeted for permanent elimination if congressional Democrats do not relent on their demands for extending Affordable Care Act subsidies.

Speaking during a Cabinet meeting, Trump described the potential cuts as an opportunity to dismantle "Democrat programs that we were opposed to," adding that the shutdown provides a window to address what he called "the most egregious, socialist, semi communist, probably not full communist" initiatives. The White House Office of Management and Budget has already begun reductions in force at several agencies, and the forthcoming list is expected to detail specific discretionary spending areas vulnerable to the funding lapse that began October 1, 2025.

The impasse centers on a Republican-backed continuing resolution (CR) to extend current funding levels through November 21, which passed the House but has stalled in the Senate without Democratic support. Senate Democrats, led by Minority Leader Chuck Schumer, have countered with a shorter-term CR through October 31 that includes a permanent extension of enhanced ACA premium tax credits, set to expire December 31, alongside reversals of Medicaid cuts from the One Big Beautiful Bill Act passed in July.

Trump's threat to specify cuts escalates a strategy outlined in a September OMB memo directing agencies to prepare reduction-in-force plans beyond standard furloughs, targeting programs inconsistent with administration priorities. While the president did not preview specific items Tuesday, earlier actions suggest focus on areas like climate initiatives—\$8 billion in projects canceled in Democratic-leaning states—and infrastructure grants, with \$2 billion frozen for New York. OMB Director Russ Vought has affirmed the approach, stating the office is "making every preparation to batten down the hatches and ride out the Democrats' intransigence," including continued layoffs while prioritizing pay for troops and law enforcement. The administration has furloughed over 750,000 workers and initiated permanent separations at entities like the Department of Education and Environmental Protection Agency.

The standoff risks broader economic fallout, with projections of \$1.5 billion in weekly productivity losses and heightened strain on communities near federal hubs like the Washington area. Federal employee unions have sued to block the reductions, arguing they violate anti-defunding statutes during lapses, while states like Connecticut commit reserves to sustain services. Republicans, including House Speaker Mike Johnson, insist the clean CR allows separate negotiations on subsidies later, with some GOP senators floating compromises like income caps on credits or one-year extensions. Democrats reject this sequencing, viewing it as a delay tactic amid rising 2026 premium filings that already factor in subsidy expiration, per insurance regulators.

With no scheduled votes this week amid the shutdown, official statements from OMB and congressional leadership remain the clearest indicators of next steps, as the fiscal crisis tests institutional norms and public patience.