

Government shutdowns 101: FAQs

What is a government shutdown?

Each year, Congress must approve appropriations to fund government agencies and programs for the next fiscal year. When Congress does not enact the bills, federal agencies must pause their services and operations, resulting in a government shutdown.

The House and Senate each have 12 appropriations subcommittees that craft the spending packages, organized around programmatic areas such as defense, agriculture, transportation and more. The bills that come out of the 12 committees may be passed as stand-alone bills, but in recent years they have frequently been wrapped into an "omnibus" appropriations bill to fund the whole government.

What happens if Congress passes only some of the 12 appropriations bills?

A partial shutdown occurs. Programs funded by the enacted appropriations bills continue while those left unfunded stop.

What is a continuing resolution?

A continuing resolution provides temporary funding, generally frozen at existing levels, to continue federal programs and activities in the absence of full appropriations bills. Congress may adopt "anomalies" to existing levels for some programs—disaster relief, for example—to address urgent concerns during the period of a continuing resolution.

Can Congress pass another continuing resolution to keep the government open?

Yes, but that approach comes with drawbacks. Continuing resolutions offer only temporary funding and fail to provide agencies with the financial stability to make long-term, strategic decisions that are necessary for innovation and better service on behalf of the people. In addition, continuing resolutions prohibit new activities not funded during the previous fiscal year from starting. Congress has passed at least two continuing resolutions each year since 1998, making it difficult for agencies to rely on steady funding.

When is the deadline to avoid a government shutdown?

Congress has until midnight on Friday, Dec. 20, 2024, to pass a spending bill to avoid a government shutdown. Congress has already passed one continuing resolution for fiscal year 2025 to keep the government running on a temporary basis. Most recently, congressional leaders negotiated a bipartisan short-term spending bill that would have kept agencies funded at current levels until March 14, 2025, but the deal collapsed.

Has a government shutdown happened before?

Yes. Since 1976, our government has shut down (partially or fully) <u>21 times for at least a day</u>, including the longest shutdown in U.S. history of <u>35 days in 2018-2019</u>.

Does a shutdown save the government money?

No. On the contrary, shutdowns waste taxpayer money due to the cost of devising contingency plans to manage a shutdown. Agencies also lose out on revenue from service fees and sometimes face higher premiums from contractors who are unsure whether they will be paid on time.



Surveying 26 federal agencies, not including several Cabinet-level ones, a Senate subcommittee found that the last three government shutdowns—in 2013, 2018 and 2018-2019—cost taxpayers nearly \$4 billion—\$3.7 billion in back pay to furlough workers and another nearly \$340 million in lost revenue and extra administrative work.

The cost to the economy is also significant. While reports suggest a shutdown would not <u>trigger a recession</u>, the <u>Congressional Budget Office estimated</u> that the 2018-2019 shutdown lowered the Gross Domestic Product by \$11 billion. Last year, Moody's also warned that it could <u>downgrade the U.S. credit rating</u>, which assesses the safety of investing in government bonds, if the government shut down.

Would a shutdown stop all federal programs and spending?

No. Funding allocated for federal agencies and programs through the appropriations process makes up less than one-third of the federal budget. Mandatory spending not subject to the appropriations process, such as Social Security, Medicare, Medicaid and the U.S. Postal Service, continues, as do many essential services outlined in agency shutdown plans in coordination with the Office of Management and Budget. During past shutdowns, services that continued included air traffic control, in-hospital medical care, border protection and more.

Which services could be affected?

During <u>past shutdowns</u>, the Food and Drug Administration delayed its food inspections, the Environmental Protection Agency delayed its hazardous waste and drinking water site inspections, and national parks were closed. Food stamp benefits have <u>also previously been at risk</u> for shutdowns lasting longer than 30 days.

In anticipation of the September 2023 funding deadline, the Federal Emergency Management Agency had to preserve funds to respond to any immediate needs for disasters that may occur if the government closed. This meant that before Sept. 30, 2023, FEMA delayed the delivery of nearly \$3 billion in federal disaster relief money to help with recovery efforts in Florida, Puerto Rico and other areas that were hit by disasters. The White House also said that 7 million women and children could have lost access to nutrition and immunization assistance through the Special Supplemental Nutrition Program for Women, Infants, and Children under a shutdown.

For additional services that would be affected, see the section below on federal employees. The Office of Management and Budget also posts contingency plans that highlight what agency activities will continue in the event of a shutdown. The current list dates to fiscal year 2023 and does not reflect how agencies plan to deal with a current lapse in appropriations.

Will a shutdown impact presidential transition activities?

It is unclear what the full ramifications of a government shutdown might be for the transition process, but it injects yet another element of uncertainty and possible delay in the peaceful and effective hand-off of power.

The General Services Administration will work with the White House on presidential transition guidance to federal agencies. Specific transition activities during a government shutdown are likely to vary across departments and agencies, given that each entity has its own budget authority and guidelines around what work can take place during a shutdown.



How would a shutdown affect federal employees?

Generally, employees at federal agencies are furloughed without pay (though <u>2019 legislation</u> guarantees them back pay when the shutdown ends). Other employees who perform "excepted" activities continue to work but still do not get paid during the shutdown. Excepted government functions include those necessary to protect against imminent threats to safety or property.

During the last government shutdown in 2018-19, <u>an estimated 380,000 employees</u> were furloughed <u>and another 420,000 had to work without pay</u>, hurting morale and reducing service to the public. During that shutdown, <u>Transportation Security Administration agents</u> and <u>air traffic controllers</u> were forced to stay on the job without pay and more frequently called out of work, leaving travelers facing delays and longer lines.

For the more recent potential shutdown in September 2023, <u>it was expected</u> that all active-duty U.S. service members would remain on the job, as would the vast majority of air traffic controllers, and TSA and Department of Veterans Affairs employees. However, <u>roughly 2,600 air traffic controllers</u> in training, including 1,000 who are already working on site, might have been furloughed, hurting the FAA's ability to address critical shortages.

In addition, it was reported that the IRS would <u>furlough between 60,000-90,000 employees</u>, reducing the agency's capacity to handle taxpayer phone calls, as would <u>an estimated 80% of employees</u> at the Cybersecurity and Infrastructure Security Agency, hindering the agency's ability to protect the government from a cyber attack.

Could agencies call furloughed employees back to work if situations arise that would make their work "excepted"?

Yes. During the 2018-2019 shutdown, the IRS, the Food and Drug Administration and the Federal Aviation Administration <u>recalled employees</u> to help their agencies perform critical services, such as food inspections and assisting with tax filing processes. Some agencies plan to <u>take similar actions</u> to manage another long shutdown.

What happens to Congress during a shutdown?

Members of Congress are not subject to furlough and they continue to be paid during a shutdown. Staffers "required to support Congress with its constitutional responsibilities or those necessary to protect life and property" remain on the job but do not get paid. This gap in pay puts a serious financial strain on congressional staffers, with one 2020 study noting that 1 in 8, or nearly 1,200, do not make a living wage. In previous shutdowns, lawmakers have decided which of their staff to furlough.

In the House, offices determined to be unrelated to the protection of human life or property, or constitutional responsibilities, <u>close</u>, including most dining facilities, the staff gym, gift shops and more. Some of these services rely on contracted employees who could be out of work with no guarantee of back pay. Certain types of federally funded travel is also prohibited, however lawmakers are still permitted to travel to and from their districts.

What happens to the White House during a shutdown?

According to <u>2023 reporting</u>, most of President Biden's senior aides would not be furloughed. In the past, employees with the title "Special Assistant to the President" have remained on the job.



What is Congress doing to try and reduce the number of shutdowns in the long term?

Several members of Congress have <u>introduced legislation</u> that would automatically enact continuing resolutions when Congress and the president cannot reach an agreement on spending. None of these proposals have seen recent success in advancing through the legislative process.