# A Government Shutdown Primer

The government shutdown has many people wondering which end is up. Our sincere thanks to the South-Central Michigan PTAC for allowing us to share their useful information on the topic.

### Background

Federal agencies receive funding through a series of appropriations bills. A number of these bills — including those that fund the Department of Defense, the Department of Health and Human Services and the Department of Education — have been approved for the federal fiscal year that began October 1st. As a result, those agencies are not being affected by the partial shutdown of the federal government.

### What Agencies are Affected?

The agencies affected by the shutdown include: Agriculture, Commerce, Justice, Homeland Security, Housing and Urban Development, Interior, State, Transportation and Treasury. Also shut down is the SBA, the Office of Management and Budget (OMB), and the Executive Office of the President.
As stated above, Congress had already approved spending bills for many federal agencies and departments for Fiscal Year 2019, so they are still running as normal. They include: Defense, Education, Veterans Affairs, Energy, Labor, Health and Human Services, Legislative branch and the Bureau of Reclamation.

### What Does "Shutdown" Mean?

Every Federal Agency is required to prepare a shutdown plan, which designates staff as essential or nonessential. Non-essential staff are furloughed, which means that they are prohibited from doing any work associated with their job. No email, phone calls, working from home or off-site meetings. It is a serious offense to work while furloughed and can get you fired. Essential staff work as normally as possible but may be impacted significantly by their supporting functions being shut down.

Portions of currently unfunded agencies may operate using non-appropriated funds - revenues from fees such as the IFF (Industrial Funding Fee), which supports GSA's Federal Acquisition Schedules. When in doubt, ask.

### How Could this Affect my Business?

If you have contracts or are bidding on contracts with the agencies that are not shut down, there should not be much impact, if any. Exceptions can arise when your contracting agency requires support or input from another agency that is shut down.

If you have ongoing contracts or grants from one of the agencies that is shut down, here are some tips: Don't stop performing according to the terms of your contract, unless you receive written notice to the contrary from your Contracting or Grants Officer. Your obligations to the government are unchanged. Document your timely submittal of all reports and other deliverables.

Document every impact that the shutdown has on your business. You may be entitled to compensation for extra costs you incur through the claims process (FAR 33.2), but only if you thoroughly document both the costs and why they were incurred.

Anticipate some delay in getting paid, as people in the payment approval chain are likely to be furloughed. When they return to work, they will have a backlog to deal with.

If you don't have a line of credit that will support your cash flow while the government is shut down, explore getting one sooner rather than later. You may want to check FAR 32.8 - Assignment of Claims - as a means of providing collateral to a lender for a line of credit.

Bids and proposals are still due as specified, even if there is no one to receive them, or to answer necessary questions. Don't assume that you'll be given extra time - this could go either way. Document your timely submittal. Here’s what the experts have to say

What vendors learned from the last government shutdown: Do you remember the three-day shutdown in Jan. 2018? Here are some lessons learned Signs point to extended shutdown with no deal emerging quickly. So far, little progress has been made in breaking the stalemate so stay up to date here.