



FAQs About Government Shutdowns

September 18, 2023

September 30—the last day of fiscal year 2023—is almost here and the threat of a government shutdown is looming. Here's what you need to know.

What is a government shutdown?

The Antideficiency Act prohibits federal agencies from obligating any money without an appropriation from Congress (except under limited circumstances discussed below). Any period of time when appropriations are not enacted into law, either through regular appropriations bills or a continuing resolution (CR), is known as a “funding gap.” (A CR is a short-term funding bill that keeps the government operating at current spending levels when Congress has not enacted regular appropriations bills for the fiscal year.) When the funding gap is very short—a day or so—the Office of Management and Budget (OMB) usually gives agencies a grace period during which they can continue operating, especially if passage of the bills or a CR seems imminent. Otherwise, the gap results in a shutdown.

Shutdowns sometimes begin on October 1, the first day of a new fiscal year. But they can also occur later in the fiscal year, after a CR expires. A full shutdown occurs during an extended funding gap for the entire government; a partial shutdown occurs when Congress has enacted some but not all federal appropriations.

When was the most recent shutdown and how long did it last?

The most recent partial government shutdown began on December 21, 2018, and lasted 35 days, until January 25, 2019. In that case, Congress had enacted 5 of the 12 appropriations bills but failed to enact or pass a short-term CR for the 7 others. The most recent full shutdown began on October 1, 2013, and lasted 16 days.

How could Congress prevent a government shutdown before October 1?

Either by passing all 12 appropriations bills or a CR. With the limited time remaining in FY23, Congress has no chance of enacting any of the 12 appropriations bills before September 30. That leaves a CR as the only immediate possible path for avoiding a shutdown.

The federal government has shut down fully or in part three times since 2013. So, don't we already know exactly what would happen during a shutdown?

The laws that govern shutdowns have remained relatively constant in recent decades; however, each administration may exercise some discretion in how they interpret the laws. For example, national parks were closed in the 2013 shutdown; many remained open in the 2018-2019 shutdown.

Who makes the call on how to implement a shutdown?

OMB instructs federal agencies to create a shutdown plan, often called a contingency plan. The plans must include “a summary of agency activities that will continue and those that will cease; an estimate of



the time to complete the shutdown; the number of employees expected to be on-board before implementation of the plan; and total number of employees to be retained (i.e., not furloughed)."¹ OMB then has to sign off on the plans.

See [here](#) for links to the most up-to-date agency shutdown contingency plans.

Generally, which federal services would continue under a shutdown, and which would come to a halt and why?

Government spending is divided into two main categories: mandatory and discretionary. Mandatory spending, which represents nearly two-thirds of the total federal budget, does not require annual appropriations by Congress and therefore would continue under a government shutdown. Examples of mandatory funding include Social Security payments, Medicare, Medicaid, and federal food programs.

Most services that are funded with discretionary spending, which is provided through annual appropriations bills, would be affected by a shutdown. There are exceptions, however. Activities involving “the safety of human life or the protection of property” would continue. In addition, programs that are funded by user fees could continue operating until the amount collected through the fees runs out. Programs funded with multiyear or carryover balances also may continue for a period of time as normal.

What are some examples of services that would be disrupted during a shutdown?

Based on previous shutdowns, possible impacts could include the following:

- Social Security cards would not be issued.
- Many Head Start centers would close.
- Food inspections would be delayed.
- Many government facilities, such as national parks, would close.
- Air travel could be strained.

Would federal employees have to keep working?

It depends. Government employees who provide what are deemed “essential services,” such as air traffic control and law enforcement, are considered “excepted” and would be expected to continue working (although there were reports that some called in sick during the 2018-2019 shutdown). In addition, some federal employees are considered excepted because their pay is not derived from annual appropriations. For example, Social Security operates with indefinite appropriations and the agency will still hand out benefit checks during a shutdown.

The rest of the workforce—those who are not excepted—would be placed on “shutdown furloughs,” meaning that they would not be allowed to work. There’s no hard and fast rule about which federal employees would be furloughed; the list is determined by each agency’s contingency plan. At the peak of the 2013 shutdown, about 40% of the federal civilian workforce was furloughed.²

¹ <https://sgp.fas.org/crs/misc/RL34680.pdf>

² <https://sgp.fas.org/crs/misc/RL34680.pdf>



Would federal employees be paid during a shutdown?

Generally, no. Federal employees and contractors whose salaries are provided through annual appropriations—most of the federal workforce—would not receive paychecks during a shutdown.

Would federal employees who are not paid during a shutdown eventually get backpay?

Yes, after the government reopens. Backpay for shutdown furloughed employees had not been guaranteed until 2019; Congress passed a law to this effect after the 2018-2019 shutdown.

What about backpay for contractors?

Federal contractors are not guaranteed backpay. But per provisions enacted during the 2013 shutdown, federal grantees that relied on federal funds for executing federal contracting services, including payment of salaries, were compensated for that loss of funds during the period of the shutdown. This would be especially important for universities that are forced to pay salaries for federal grantees out of non-federal coffers during the shutdown. Congress would need to enact similar provisions in the future to ensure federal contractor payment.

How would federal grants and contracts be affected?

Funds that were obligated to an existing grantee or contractor before a shutdown occurs would continue to be awarded as planned for the current year. However, agencies would be prohibited from awarding new grants or contracts during a shutdown. (Exceptions would be made for grants that help preserve essential functions or the “safety of human life.”) It is important to note that agencies typically award only a limited number of grants and contracts during the first month or two of a fiscal year, especially under a CR. Agencies are expected to take the most minimal actions possible under a CR, so they don’t get ahead of any final decisions Congress would make in a full-year spending bill. If the government were to shut down in October, but reopen within a few weeks, the impact on most grants and contracts would be minimal.

Grants.gov would remain accessible and the Grants.gov contact center would be open during regular business hours. However, many agencies state in their contingency plans that staff would not respond to any inquiries received, including about upcoming deadlines, proposal preparation, and applications during the period of a government shutdown; the inquiries would be deferred until normal operations resume. In addition, the review process for grants would be delayed.

Could the Department of Health and Human Services (HHS) continue to use COVID-19 emergency supplemental funds during a shutdown?

Yes. According to the HHS FY23 contingency plan, HHS would continue COVID-19 activities in the event of a shutdown by using funding provided in the FY20 and FY21 emergency supplemental appropriations bills. (For more, see [here](#).)



How would a shutdown affect the functioning of Congress? Would staffers keep working?

A funding lapse would not prevent members of Congress from working, as their salaries do not depend on annual appropriations. However, congressional staff salaries and other support expenses are subject to annual appropriations. As a general rule, therefore, staffers would not be allowed to work and most congressional activities that are not related to reopening the government would come to a halt. But each member office and committee has discretion in determining which staff would be “excepted.” During previous shutdowns, some members designated all of their staff as “excepted” while others designated only a skeleton crew, such as the chief of staff and legislative director. Historically, House and Senate Appropriations Committee staff have been designated “excepted,” given the role they play in funding the government. In addition, Capitol tours would not be available, public access to the complex would be severely limited, the Capitol Visitor Center would be closed, and most functions within the complex would be canceled.

What is the impact of a shutdown on federal rulemaking?

A shutdown would prevent agencies from proposing new and finalizing existing regulations.

Earlier this year, the nation almost defaulted on the debt limit. How would that outcome have differed from the impact of a shutdown?

A default would have been much worse. If the nation were unable to pay its debts, most economists believe the shock waves would have caused a global recession. In addition, mandatory payments for Social Security, Medicare, and Medicaid probably would have ceased. By contrast, mandatory payments would continue under a government shutdown. And although earlier shutdowns damaged the nation’s economy, they did not result in global economic crises.

Do government shutdowns save money?

No. CBO estimated in January 2019 that the 2018-2019 partial shutdown would reduce the annual GDP in 2019 by about \$3 billion. During the shutdown itself, federal spending on goods and services dropped, and reduced demand lowered output in the private sector. CBO predicted that the economy would rebound after the government reopened, but not enough to offset all of the lost GDP. (See more [here](#).)

What would happen if a shutdown lasts for months?

The longer a shutdown lasts, the worse the impact on the economy and the smooth functioning of the federal government. For example, an extended shutdown could significantly delay the awarding of new grants and contracts. In addition, some programs that might be able to continue operating in the short term with multiyear or carryover funding would run the risk of ceasing if the shutdown drags on. Before Congress passed a CR ending the 35-day partial shutdown in 2019, for example, the Supplemental Nutrition Assistance Program (SNAP)—the nation’s food stamp program—faced dire consequences as early as March 2019. Almost 42 million recipients would have lost their benefits. Other programs that would run the risk of shutting down during a long-term shutdown include the Food Distribution Program on Indian Reservations and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Finally, going without a paycheck for an extended period would present financial difficulties for many federal employees.