



## Government Shutdown 101

September 2025

Congress will need to pass a continuing resolution (CR) by October 1st to avoid a government shutdown. Congress and the President have less than a week work through the current impasse. While it is not a foregone conclusion that there will be a shut down in October, it remains a strong possibility. This memo is intended to answer questions on the mechanics of a government shutdown and the likely impact on government operations. If you have any questions, please don't hesitate to let your TCG team know.

### What is a “Government Shutdown?”

Government shutdowns occur if Congress and the President fail to enact all or any (partial shutdown) of the 12 annual spending bills funding government operations or a continuing resolution (CR) (keeping current spending levels in place) by September 30th, the end of the fiscal year. In a shutdown, federal agencies must stop all non-essential discretionary functions until new funding legislation is passed and signed into law. ***Essential services continue, as do mandatory spending programs.***

*Note:* A shutdown is not automatic. The government does not begin to shut down until OMB issues guidance to agencies. If funding lapses on September 30, but Congress is expected to pass a CR on October 1st or early morning of October 2nd, the Office of Management and Budget (OMB) will likely not issue the shutdown order.

### “Essential” vs. “Non-Essential” Functions

Each federal agency will work with OMB to create a plan outlining the steps that agency will take to comply with the shutdown. OMB usually maintains a list of the [agency plans](#). However, the Trump Administration has removed the plans from the public website. We do not know when (or if) OMB will post new agency shutdown plans.

In the past, agencies looked to past practice as well as Department of Justice (DOJ) and OMB guidance in determining what is essential. Public safety operations have been largely protected. These functions include: border security, law enforcement, air traffic control as well as some

legislative and judicial staff. Programs funded by dedicated user fees (e.g., immigration services paid by visa fees) and those funded through advance appropriations (e.g., some veterans health care) have also largely been protected.

The Committee for a Responsible Budget highlighted some [historical](#) impacts in a paper on shutdowns:

- **Social Security and Medicare:** Checks are sent out, but benefit verification as well as card issuance would cease. While unlikely to happen again, during the 1995-1996 shutdown, [more than 10,000 Medicare applicants were temporarily turned away every day of the shutdown.](#)
- **Environmental and Food Inspection:** During the 2013 shutdown, the Environmental Protection Agency (EPA) halted site inspections for 1,200 different sites that included hazardous waste, drinking water, and chemical facilities, and the Food and Drug Administration (FDA) delayed almost 900 inspections. During the 2018-2019 shutdown, the FDA restored some food inspections a few weeks into the funding lapse for products that were considered high-risk.
- **National Parks:** In 2013, the National Park Service (NPS) turned away millions of visitors to more than 400 parks, national monuments, and other sites. NPS estimated that the shutdown led to more than \$500 million in lost visitor spending nationwide. Many parks remained open during the 2018-2019 shutdown, though no visitor services were provided, and damage and trash build-up were reported at many sites.
- **Air Travel:** During the 2018-2019 shutdown, [air travel was strained](#) as a result of air traffic controllers and Transportation Security Administration (TSA) agents working without pay. Travelers faced longer lines as some TSA agents did not report to work and security checkpoints were closed, while [the absence of ten air traffic controllers](#) temporarily stopped travel at LaGuardia Airport and caused delays at several major airports.
- **Health and Human Services:** The National Institutes of Health (NIH) would be prevented from admitting new patients or processing grant applications. In 2013, states were [forced](#) to front the money for formula grant programs such as Temporary Assistance for Needy Families (TANF, sometimes described as “cash welfare”).
- **Internal Revenue Service (IRS):** In the event of a shutdown, the IRS, which verifies income and Social Security numbers, would not be able to perform this service. In 2013, a backlog of 1.2 million income and Social Security number verification requests delayed mortgage and other loan approvals, and billions of dollars of tax refunds were also delayed. At least 26,000 furloughed IRS employees were recalled to work during the 2018-2019 shutdown in preparation for tax season, but 14,000 did not show up to work without pay.
- **Supplemental Nutrition Assistance Program (SNAP):** Though funding for the SNAP program is mandatory, the ability to send out “food stamp” benefits could be affected by a shutdown, since continuing resolutions have generally only authorized the Agriculture Department

(USDA) to send out benefits for 30 days after a shutdown begins. During the 2018-2019 shutdown, the USDA paid February SNAP benefits early on January 20, just before the 30-day window ended, but it would have been unable to pay March benefits had the shutdown continued. In addition, during any shutdown, stores are not able to renew their Electronic Benefit Transfer (EBT) card licenses, so those whose licenses expire would not be able to accept SNAP benefits during a shutdown.

### **Impact on Grants and Awards**

Prior OMB materials have noted that during a shutdown, “routine, ongoing operational and administrative activities relating to contract or grant administration cannot continue when there is a lapse in funding. Therefore, agency employees who are paid with annual appropriations and who perform an activity associated with contract grant administration (including oversight, inspection, or accounting) should generally not continue work during a lapse in appropriations.”

New contracts CANNOT be signed unless the contract meets certain criteria:

1. A statute expressly authorizes an agency to obligate funds in advance of appropriations.
2. The function addresses emergency circumstances, such that the suspension of the function would imminently threaten the safety of human life or the protection of property.
3. The function is necessary to the discharge of the President’s constitutional duties and powers.
4. The agency must continue the function, in the absence of appropriations, because its continuation is “necessarily implied” from the continuation of other authorized activities.
5. OBBB reconciliation funds are mandatory, non-discretionary, prior year funds that could be obligated during a CR.

### **Impact on Federal Employees**

We expect a large number of federal employees not working in “essential” services will be furloughed. Furloughed federal employees are not allowed to work and may not receive their pay on time. However, Congress passed legislation in 2019 that guarantees backpay for federal employees.

Congressional staff availability will depend on each office. Typically, Leadership and senior committee staff will continue to work. For personal offices, the chief of staff, LD, and scheduler are usually in the office. Furloughed Congressional staff will NOT be permitted to work.

### **Additional Resources**

- Congressional Research Service report Frequently Asked Questions on government shutdowns can be found [here](#).
- Congressional Research Service report on past shutdowns can be found [here](#).
- Committee for a Responsible Federal Budget Q&A on shutdowns can be found [here](#).