

# Government shutdown primer

Recent government shutdowns, agency furlough & more

**January 23, 2019**

**Producer**

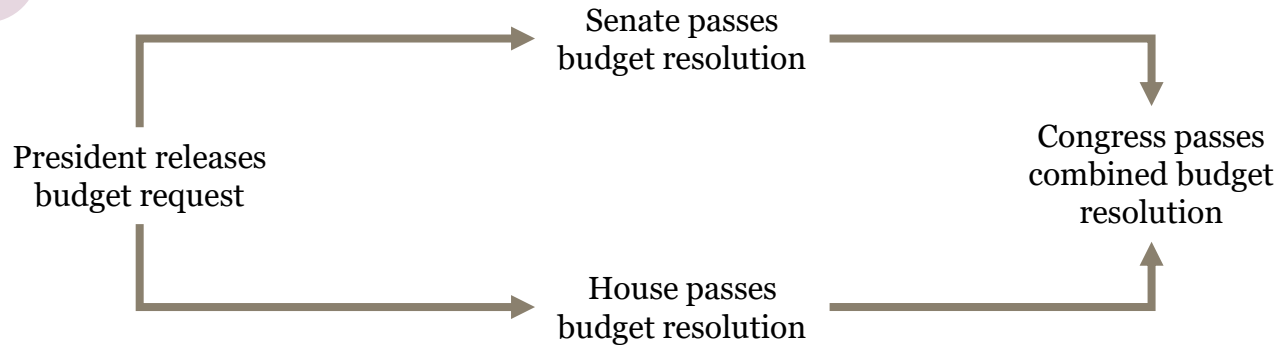
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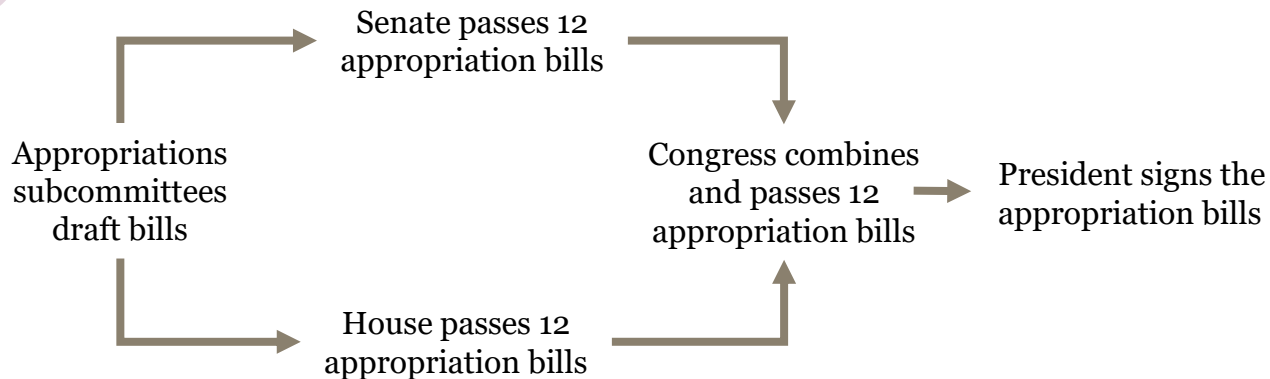
# What leads to a government shutdown?

## Budget negotiation process

### 1 Budget resolution



### 2 Appropriation bills



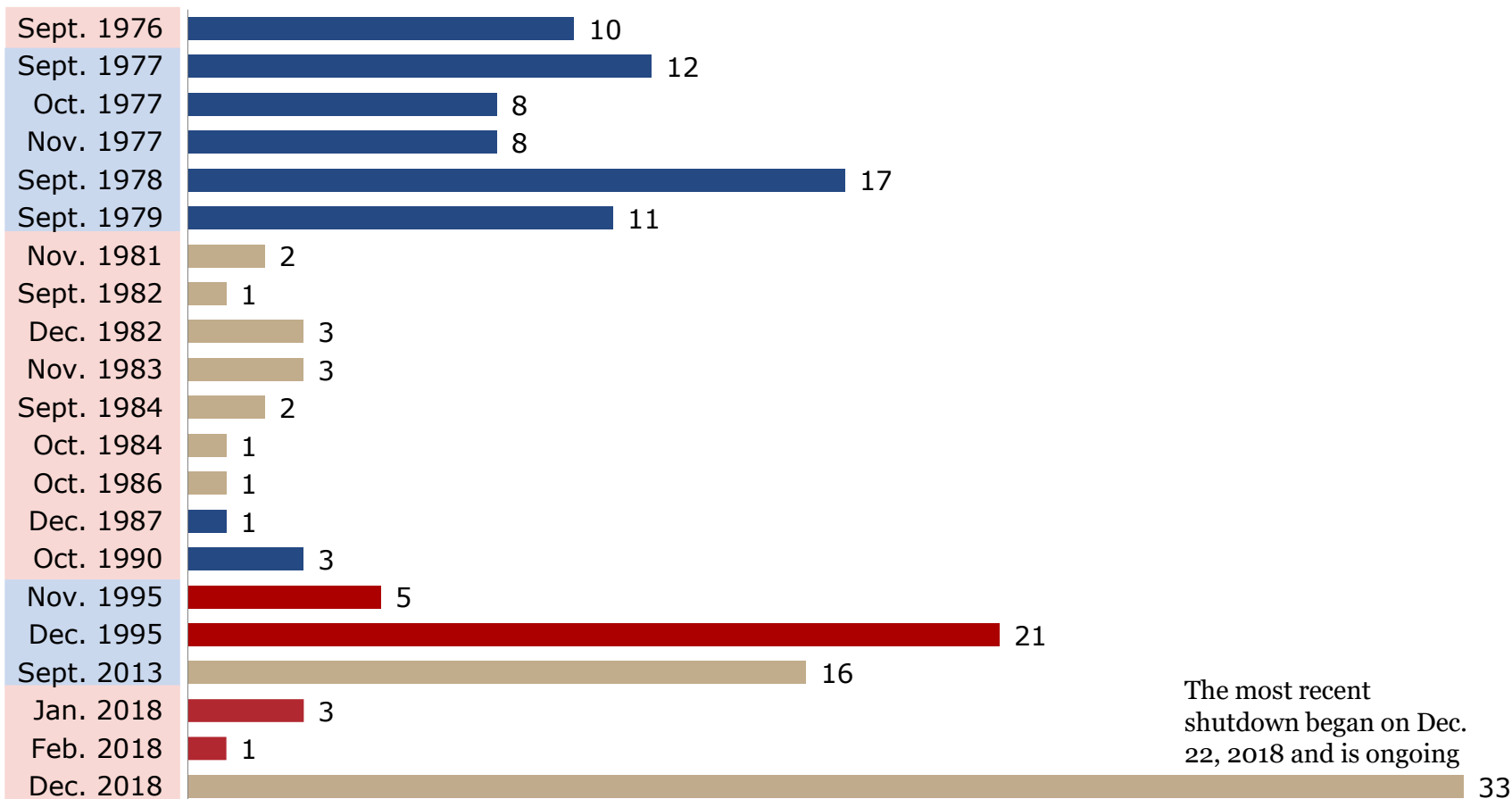
If Congress cannot pass all of the appropriation bills by the deadline, the government shuts down

Sources: Karen Yourish and Laura Stanton, "A guide to the federal budget process," *The Washington Post*.

# Government shutdowns in the last four decades and the party in control of Congress

LENGTH OF SHUTDOWN, IN NUMBER OF DAYS

■ Republican Congress ■ Democratic Congress ■ Split Congress ■ Republican president ■ Democratic president



Sources: Axios PM, January 18, 2018. "All 20 Government Shutdowns in US History," ThoughtCo. December 12, 2018.

# Who goes to work during a government shutdown?

## Federal programs and employee groups not affected by government shutdowns

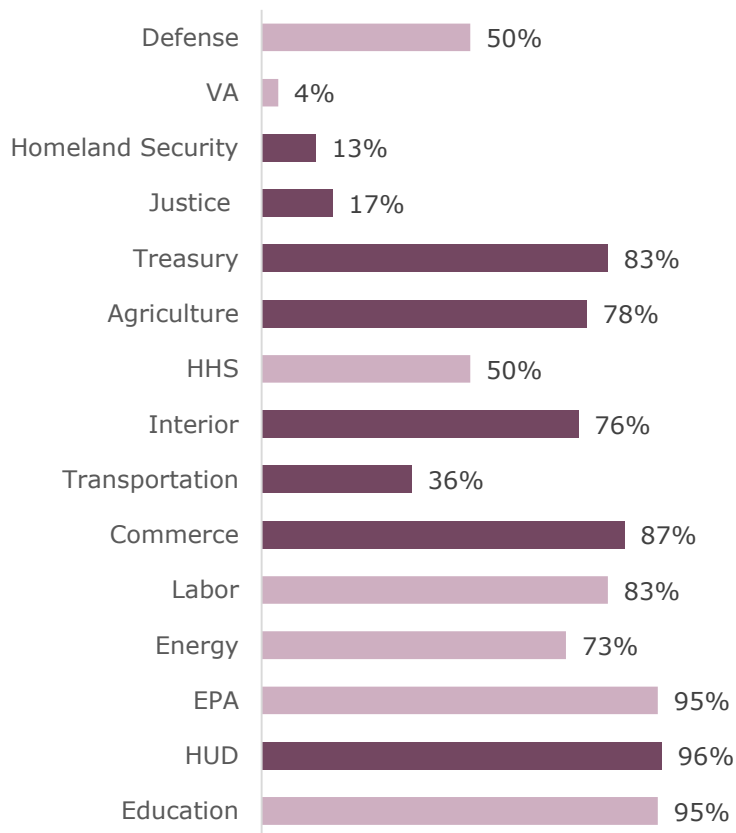
Employee group	Examples	Business impact
Necessary for national security	<ul style="list-style-type: none"> <li>• US Military</li> <li>• Embassies abroad</li> </ul>	<ul style="list-style-type: none"> <li>• Some defense contractors will still bill for work, but payments may be delayed</li> </ul>
Necessary for security of people and property	<ul style="list-style-type: none"> <li>• Air traffic control</li> <li>• Emergency medical care</li> <li>• Border control</li> <li>• Federal prisons</li> <li>• Oversight of the banking system</li> <li>• Meat and egg inspection</li> <li>• National Weather Service</li> </ul>	<ul style="list-style-type: none"> <li>• Air traffic controllers continue to work during a government shutdown, which means airlines will continue to run</li> <li>• FDA would continue select vital activities including maintaining critical consumer protection to handle emergencies, high-risk recalls and import entry review</li> </ul>
Permanent programs or programs with multi-year funding	<ul style="list-style-type: none"> <li>• Social Security</li> <li>• Veterans' benefits</li> <li>• Unemployment and food stamps</li> <li>• Medicare and Medicaid</li> </ul>	<ul style="list-style-type: none"> <li>• Social Security checks will go out as usual</li> <li>• Medicare and Medicaid recipients will continue to receive healthcare benefits</li> </ul>
Agencies with independent sources of funding	<ul style="list-style-type: none"> <li>• US Postal Service</li> <li>• Federal Reserve</li> </ul>	<ul style="list-style-type: none"> <li>• USPS will continue to provide mailing services and Postal Service workers get paid normally</li> <li>• Active service military members get paid regardless of length of shutdown</li> </ul>
User fee-funded staff	<ul style="list-style-type: none"> <li>• Patent and Trademark Office</li> <li>• Visa and passport processing</li> <li>• Parts of HHS (including segments of the FDA and NIH)</li> <li>• Grain inspections</li> </ul>	<ul style="list-style-type: none"> <li>• Employees will continue to process patent applications, possibly for up to four weeks, but cannot accept new ones</li> <li>• The State Department would keep most of its passport agencies and consular operations open as long as it has the funds to do so</li> </ul>

Sources: National Journal Research, 2016.

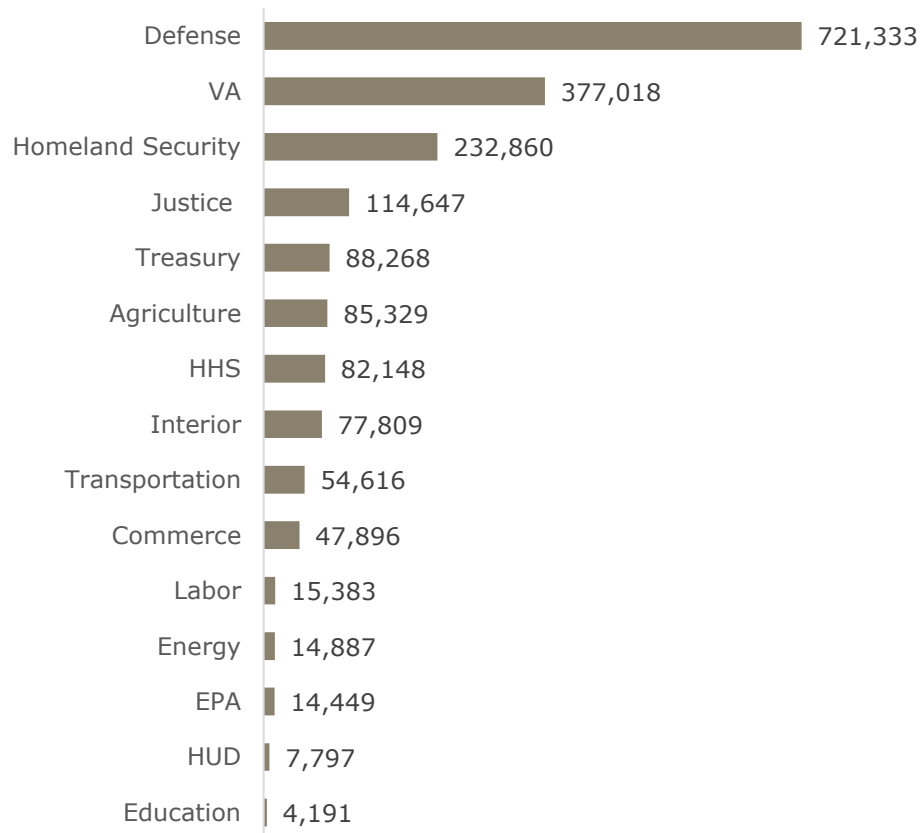
# During government shutdowns, contingency plans dictate the number of workers furloughed in each department

## Percentage of employees who will be furloughed

- Agency operating with funding during current shutdown
- Agency operating without funding during current shutdown



## Total number of workers per agency

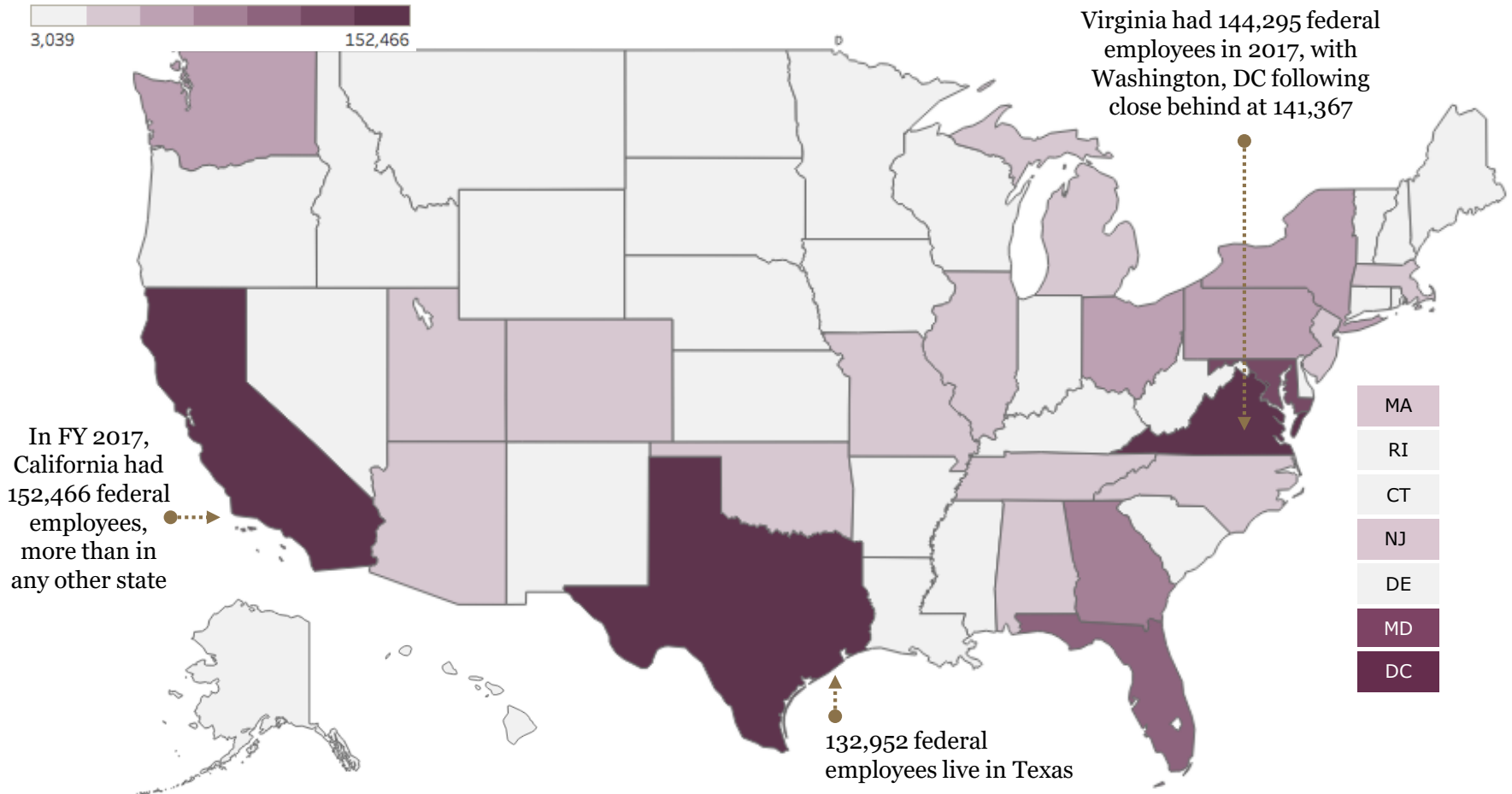


\*The State Department is also affected by the shutdown and furloughed employees, but did not publish a contingency plan

Sources: Darla Cameron, Lisa Rein, "Who gets sent home if the government shuts down," Washington Post, January 18, 2018; Ellie Kaufman, "Government Shutdown: By the Numbers," CNN, Jan. 3, 2019.

# Shutdown furloughs has nationwide impacts, especially in states with hundreds of thousands of federal employees

Number of federal executive branch employees in fiscal year 2017, by state

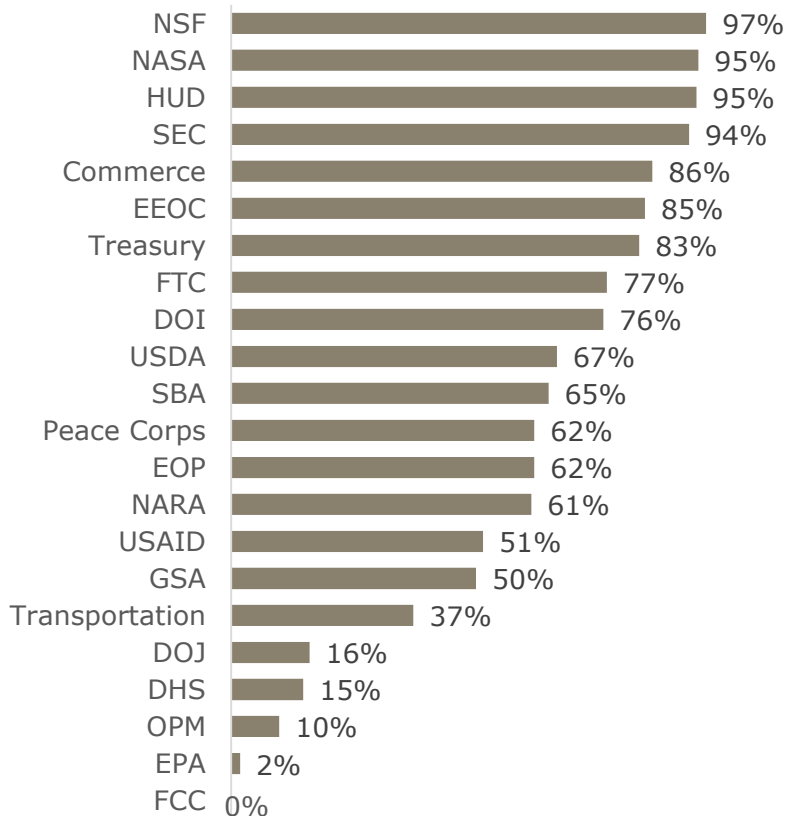


Sources: U.S. Office of Personnel Management, "Major work locations of the executive branch – fiscal year 2017," February 2018.

# The partial government shutdown causes a stall in key operations, including infrastructure improvement and disaster preparedness

## Major federal agencies affected by the 2018-19 government shutdown

FURLOUGH RATES, FEDERAL AGENCIES WITH 1000+ EMPLOYEES



## Spotlight: Projects affected by the shutdown



### Natural disaster preparations

Disaster research and preparation has stalled, including an upgrade of NOAA's computerized weather prediction model



### Election improvements

Election Commission closed – halted replacement of voting machines in Pennsylvania's 67 counties



### Biomedical research

The National Science Foundation has awarded zero research grants since the shutdown



### Road/highway construction

State officials have not authorized projects due to lack of secure federal funding

Sources: Javier Zarracina and Li Zhou, "The astonishing effects of the shutdown, in 8 charts," Vox, Jan. 14, 2019; Ashley Halsey III, "Highway and transit projects grind to a halt as the shutdown continues," The Washington Post, Jan. 8, 2019; NAHB, *Impact of the Government Shutdown on Housing*, Jan. 9, 2019; Eric Katz, "See who Would Get Furloughed in a Christmas Shutdown," GovExec, Dec. 13, 2018; Bill Theobald and Maureen Groppe, "Government shutdown 2019: State, local officials feel the pinch. 'We are at ground zero,'" USA Today, Jan. 14, 2019; Seth Miller, "Multiple aviation projects hit by ongoing government shutdown," Paxex.Aero, Jan. 10, 2019; Jon Greenberg and Amy Sherman, "Fact-checking Democrats on the shutdown's effects on food safety, hurricane prep," Politifact, Jan. 15, 2019; Greg Allen, "Government Shutdown Stalls Preparedness For Hurricane Season," NPR, Jan. 15, 2019

# In affected regulatory bodies, all rulemaking is on hold and the timeline for finalizing proposed rules uncertain

## Effects of the shutdown on select regulatory agencies



### Food and Drug Administration (FDA)

- There are limited investigations of high-risk foods, and about a third of the products normally inspected are being reviewed
- Reviews of most new drugs and biologics are suspended
- Work on regulatory guidance documents pertaining to medical devices, drugs and biologics is stalled
- Funds have been shifted to prioritize drug safety surveillance over pre-market drug review work



### Environmental Protection Agency (EPA)

- Carryover funding was used from 2018 until Dec. 28, when the EPA finally shut down
- Environmental testing, inspections and pursuit of criminal polluters are limited
- Superfund cleanups have halted, except for sites where there is an imminent threat to safety
- A prolonged shutdown could delay a vote on energy appointees, such as the confirmation of acting EPA administrator Andrew Wheeler as permanent administrator



### Federal Aviation Administration (FAA)

- Furloughs have led to outstanding inspections and unprocessed paperwork
- Launch of new operations are delayed because FAA certifications are unavailable; stakeholders await word on how soon the FAA will allocate inspectors needed when a budget passes
- National Transportation Safety Board (NTSB) investigations are on hold as the result of furloughs

- For agencies affected by the shutdown, the **federal rulemaking process has been suspended**
- During the shutdown, **no proposed rules will be issued**; there will be no new proposals or final regulations
- It is **unclear whether proposed rules and regulations will be rescheduled**, or whether pre-established deadlines will be extended

Sources: National Journal research; Laura Kelly, "FSA shifting funds to drug safety amid government shutdown," The Washington Times, Jan. 9, 2019; Joshua Cohen, "Partial Government Shutdown's Impact on FDS Drug Approvals," Forbes, January 10, 2019; Brian Croce, "Government shutdown could push back SEC's Reg BI timeline," Pensions & Investments, Jan. 14, 2019;



# The current shutdown is the longest in U.S. history

Congress and Trump have reached an impasse in budget negotiations after the government shutdown began on Dec. 22, 2018



## Senate Republicans' proposals

- Senate Republicans passed government funding bills at the end of the 115<sup>th</sup> Congress without wall funding
- They have not passed government funding legislation in the new Congress



## House Democrats' proposals

- House Democrats passed legislation on Jan. 3, 2019 that would end the shutdown
- One bill would fund currently closed departments through Sept. 30, and another would fund the Department of Homeland Security until Feb. 8, effectively punting the debate on wall funding
- The Senate refused to take up that legislation, so Democrats will now attempt to pass individual funding bills for each closed department



## President Trump's proposal

- Trump has vowed to veto any funding legislation that does not include \$5.7 billion for border security and wall construction
- The insistence on a “wall” instead of general “border security” funding leaves little room for negotiation, since House Democrats refuse to fund a “wall”
- The White House budget also requests \$4.2 billion for detention beds and \$800 million for humanitarian needs on the border, proposals that House Democrats oppose
- Trump is now considering a border barrier made of “steel slats” rather than a concrete wall

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“We won't be opening until [border security] is solved. I don't call it a shutdown. I call it doing what you have to do for the benefit and the safety of our country.”

— President Trump, in a Jan. 4 White House press conference

Sources: Catherine Lucey, Lisa Mascaro, and Jill Colvin. “Trump says shutdown could last for ‘months or even years,’ *Associated Press*. January 4, 2019; Li Zhou, “House Democrats have a new strategy to reopen the government: pass smaller spending bills. *Vox*. January 7, 2019.

# Senate Democrats and Republicans will bring two competing bills to the floor for a vote

A look at the Senate bills to end the government shutdown

## Republicans/ Trump's proposal

- Opens and funds the government through the end of FY2019 (September 30, 2019)
- Appropriates **\$5.7 billion for a wall** along the southern border
- Allows **three-year protections for immigrants** protected by DACA and immigrants living under Temporary Protected Status
- Renews the **Violence Against Women Act**
- Authorizes \$12.7 billion for **disaster relief**

The legislation includes what Democrats call "poison pills," including provisions that make applying for asylum in the US more difficult for migrants

## Democrats' proposal

- *This will be the same legislation that the House passed*
- Opens and funds the government through February 8, 2019
- **Does not authorize money for a border wall**
- Allows time for Democrats and Republicans to **negotiate on border security** without keeping the government partially shutdown



Neither measure is expected to receive the 60 votes required to proceed, meaning that 800,000 federal employees could go without a paycheck for the second time during the shutdown

Sources: Erica Werner, John Wagner and Jeff Stein, "Senate plans votes on competing bills to reopen government," *The Washington Post*. January 22, 2019; Sheryl Gay Stolberg and Julie Hirschfeld Davis, "GOP Bill to End Shutdown Draws Protests Over Asylum Restrictions," *The New York Times*. January 22, 2019.