

Dec. 18, 2018

Partial Shutdown of the Federal Government Looms

Building a border wall, and making Mexico pay for it, was a signature issue in President Donald Trump’s 2016 campaign. Funding for the wall is at the epicenter of a battle over funding a slew of federal agencies that will come to a head later this week. Without passage of spending legislation by 12:01 a.m. Dec. 22, a partial shutdown of the federal government could occur.

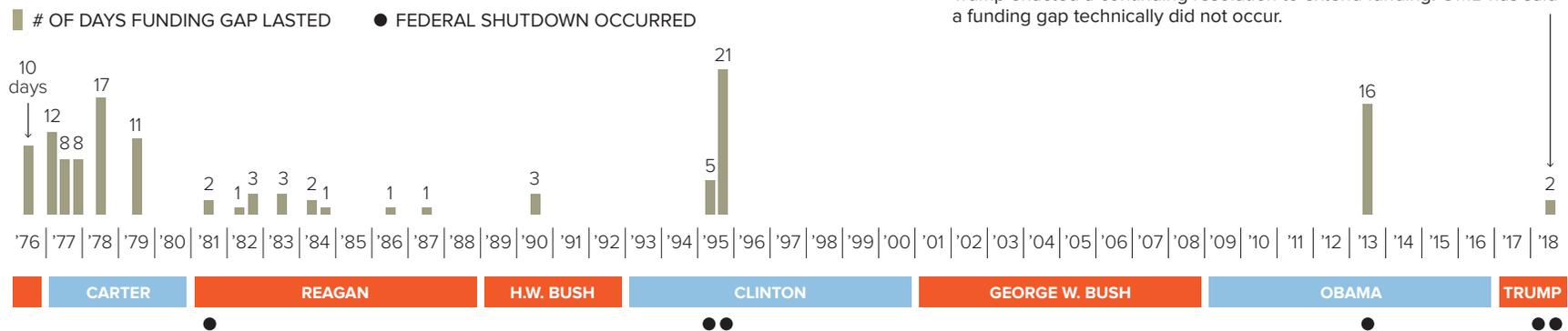
Funding for numerous federal agencies, including the Homeland Security Department, runs out after Dec. 21 — though the majority of the government, including the departments of Defense, Health and Human Services, and Veterans Affairs, is already fully funded through Fall 2019. Trump has demanded \$5 billion for the wall as part of a deal to prevent a shutdown.

Past federal government funding gaps and shutdowns

There have been 19 funding gaps in federal government appropriations since 1976 — most recently in January 2018 — but not all of the events resulted in a shutdown. If a funding gap is of short duration or occurs over a weekend, federal agencies may not have enough time to reduce affected projects and activities before funding is available again.

A funding gap and federal government shutdown occurred Jan. 20 and 21. Funding resumed Jan. 22, but many federal agencies continued to shut down certain operations and furlough employees for the day.

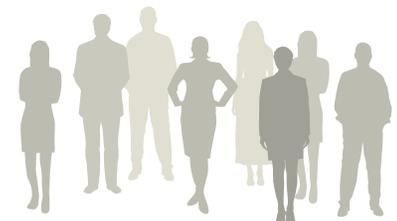
Funding also expired at day’s end Feb. 8. OMB and OPM issued shutdown directions for a few hours the morning of Feb. 9 before Congress and Trump enacted a continuing resolution to extend funding. OMB has said a funding gap technically did not occur.



Workforce affected by a government shutdown

Federal agencies are required to submit plans to the OMB that outline anticipated staffing levels during a shutdown. “Non-expected” federal employees are furloughed, or sent home without pay, and government operations are reduced if a shutdown occurs. “Excepted” and “exempt” employees — workers deemed necessary for protection of people and property or not paid from annual appropriations — must work during a shutdown.

In 2018, OMB began directing federal agencies to coordinate with the executive office to notify employees two days before a possible shutdown of work and pay status during an appropriations lapse.



Federal workers

EXCEPTED EMPLOYEES: Workers necessary for protection of people and property must work during a shutdown without pay but are guaranteed back pay.

EXEMPT EMPLOYEES: Workers OPM defines as not paid by annual appropriations must report to work as well.

NON-EXPECTED EMPLOYEES: Employees who do not work during a shutdown and are not guaranteed back pay. Congress historically has paid non-expected workers for the time they were not working.

Government contractors

Federal contractors cannot be paid during a shutdown if appropriations have not been signed into law.

During the federal shutdown in 2013, legislation was enacted that provided funding to pay certain supporting contractors of the Armed Forces. Similar legislation could be considered in anticipation of future shutdowns.

The CBO has reported that it cannot provide comprehensive information regarding the size of the federal government’s contracted workforce.

Federal grant recipients

Administration of grant programs and activities such as execution of grant agreements and processing of payments could be affected by a shutdown.

Investigations of waste, fraud and abuse related to federal grant outlays could also be interrupted.

Sources: Congressional Research Service report RL34680 “Shutdown of the Federal Government: Causes, Processes and Effects”; CRS report RS20348 “Federal Funding Gaps: A Brief Overview”; Politico staff reports