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## Absolutely everything you need to know about how the government shutdown will work

By Brad Plumer, Updated: September 30, 2013

A government shutdown starting Tuesday, Oct. 1, [now seems virtually certain](#). The House and Senate still can't agree on a bill to fund the government, and time has run out.

So... it's shutdown time. Let's take a look at how this will work.

Not all government functions will simply evaporate come Oct. 1 — Social Security checks would still get mailed, and veterans' hospitals would stay open. But many federal agencies would shut their doors and send their employees home, from the Environmental Protection Agency to hundreds of national parks.

Here's a look at how a shutdown would work, which parts of the government would close, and which parts of the economy might be affected.

### Wait, what? Why is the federal government on the verge of shutting down?

Short answer: There are wide swaths of the federal government that [need to be funded each year](#) in order to operate. If Congress can't agree on how to fund them, they have to close down. And, right now, Congress can't agree on how to fund them.

To get a bit more specific: Each year, the House and Senate are supposed to agree on 12 appropriations bills to fund the federal agencies and set spending priorities. Congress has become [really bad at passing these bills](#), so in recent years they've resorted to stopgap budgets to keep the government funded (known as "continuing resolutions"). The last stopgap passed on March 28, 2013, and ends on Sept. 30.

In theory, Congress could pass another stopgap Monday. But the Democratic-controlled Senate and Republican-controlled House [are at odds](#) over what that stopgap should look like. The House passed a stopgap over the weekend that delayed Obamacare for one year and repealed a tax on medical devices. The Senate is certain to reject that measure. So... [we're getting a shutdown](#).

**Does a shutdown mean everyone who works for the federal government has to go home?**

Nope. The [laws and regulations](#) governing shutdowns separate federal workers into "essential" and "non-essential." (Actually, the preferred term nowadays is "excepted" and "non-excepted." This was tweaked in 1995 because "non-essential" seemed a bit hurtful. But we'll keep things simple.)

The Office of Management and Budget [recently ordered](#) managers at all federal agencies [to conduct reviews](#) to see which of their employees fall into each of these two categories. If a shutdown hits, the essential workers stick around, albeit without pay. The non-essential workers have to go home after a half-day of preparing to close shop.

### **Which parts of government stay open?**

There are a whole bunch of key government functions that carry on during a shutdown, including anything related to national security, public safety, or programs written into permanent law (like Social Security). Here's a partial list:

- Any employee or office that "provides for the national security, including the conduct of foreign relations essential to the national security or the safety of life and property." That means the U.S. military will keep operating, for one. So will embassies abroad.
- Any employee who conducts "essential activities to the extent that they protect life and property." So, for example: Air traffic control stays open. So does all emergency medical care, food-safety inspections, border patrol, federal prisons, most law enforcement, emergency and disaster assistance, overseeing the banking system, operating the power grid, and guarding federal property.
- Agencies have to keep sending out benefits and operating programs that are written into permanent law or get multi-year funding. That means sending out Social Security checks and providing certain types of veterans' benefits.
- All agencies with independent sources of funding remain open, including the U.S. Postal Service and the Federal Reserve.
- Members of Congress can also stick around, since their pay is written into permanent law. However, many congressional staffers may not get paid without specific appropriations. Many White House employees may also have to go without pay.

### **Do these "essential" employees who keep working get paid?**

They likely won't get a paycheck during the shutdown. They do, however, receive retroactive pay if and when Congress decides to fund the government again.

This also applies to the 1.4 million active-service military members. The House [did pass a bill](#) to make sure that their paychecks aren't delayed during the shutdown, but that was part of a larger bill to delay Obamacare, and it's unclear if the Senate will

accept it.

### **So which parts of government actually shut down?**

Everything else, basically. It's a fairly long list, and you can check out in detail which activities the agencies are planning to halt [in these contingency plans](#) posted by each agency. Here are a few select examples:

**Health:** The National Institutes of Health [will stop](#) accepting new patients for clinical research and stop answering hotline calls about medical questions. The Centers for Disease Control will have a "significantly reduced capacity to respond to outbreak investigations."

**Housing:** The Department of Housing and Urban Development [will not be able to provide](#) local housing authorities with additional money for housing vouchers. The nation's 3,300 public housing authorities will not receive payments, although most of these agencies, however, have funds to provide rental assistance through October.

**Immigration:** The Department of Homeland Security [will no longer operate](#) its E-Verify program, which means that businesses will not be able to check on the legal immigration status of prospective employees during the shutdown.

**Law enforcement:** Although agencies like the FBI and the Drug Enforcement Agency will continue their operations, the Justice Department [will suspend](#) many civil cases.

**Parks and museums:** The National Park Service [will close](#) more than 350 national parks and museums, including Yosemite National Park in California, Alcatraz in San Francisco, and the Statue of Liberty in New York. Last time this happened in 1995-1996, some 7 million visitors were turned away. (One big exception was the south rim of the Grand Canyon, which stayed open only because Arizona agreed to pick up the tab.)

**Regulatory agencies:** The Environmental Protection Agency will close down [almost entirely during a shutdown](#), save for operations around Superfund sites. The Commodity Futures Trading Commission [will also shut down](#). A few financial regulators, however, like the Securities and Exchange Commission, will remain open.

**(Small parts of) Social Security:** The Social Security Administration will keep on enough employees to make sure the checks keep going out. But the agency [won't have enough staff](#) to do things like help recipients replace their benefit cards or schedule new hearings for disability cases.

**Visas and passports:** The State Department says it will keep most consulates and embassies open this time around, although some passport and visa processing [could be interrupted](#). (For instance, "if a passport agency is located in a government building affected by a lapse in appropriations, the facility may become unsupported.")

During the previous shutdown in 1995-1996, around 20,000 to 30,000 applications

from foreigners for visas went unprocessed each day. It's unclear how many might be affected this time around.\*

**Veterans:** Some key benefits will continue and the VA hospitals will remain open. But many services [will be disrupted](#). The Veterans Benefits Administration will be unable to process education and rehabilitation benefits. The Board of Veterans' Appeals will be unable to hold hearings.

Rep. Rush Holt (D-N.J.) has a [list](#) of other possible effects of a shutdown. Funds to help states administer unemployment benefits could get disrupted, IRS tax-refund processing for certain returns would be suspended, new home-loan guarantees could cease, farm loans and payments would stop, and Small Business Administration approval of business loan guarantees and direct loans would likely cease.

### **Would the city of Washington D.C. be affected?**

Only if the shutdown goes on longer than two weeks. In theory, the District of Columbia is supposed to shut down all but its most essential services during a government shutdown. But Mayor Vincent Gray has said that he will label all city services "essential" and use [a cash reserve fund](#) to keep everything going for as long as possible.

Some background: The District of Columbia [is the only city barred](#) from spending funds during a federal government shutdown, save for a few select services. During the 1995-1996 shutdown, the city was only able to keep police, firefighters and EMS units on duty. Trash collection and street sweeping came to a stop until Congress finally intervened.

This time, however, the District is taking a more defiant stance. Gray [has recently said](#) that he will declare *all* city services "essential" and keep them running. And the city has [\\$144 million in funds](#) to carry out services like trash collection and street sweeping for two weeks. If the shutdown drags on longer, however, it's unclear what will happen...

### **How many federal employees would be affected by a government shutdown?**

More than 800,000 out of some 2.1 million federal workers (excluding the Postal Service) will get sent home if the government shuts down.

### **Can you give me an agency-by-agency breakdown of the impacts?**

Yes. We've been [compiling a detailed list](#) here at the Post, but here's a brief overview, showing how many employees are furloughed, and examples of who stays and who goes:

**Department of Commerce:** 87 percent of the agency's 46,420 employees would be sent home. (The Weather Service remains, Census Bureau employees go home.)

**Department of Defense:** 50 percent of the 800,000 civilian employees would be sent home while all 1.4 million active-duty military members would stay on. (Environmental engineers, for instance, get furloughed.)

**Department of Energy:** 69 percent of the agency's 13,814 employees would be sent home. (Those in charge of nuclear materials and power grids stay. Those conducting energy research go home.)

**Environmental Protection Agency:** 94 percent of the 16,205 employees will be sent home. (Those protecting toxic Superfund sites stay. Most regulators get sent home.)

**Federal Reserve:** Everyone would stay, since the central bank has an independent source of funding.

**Department of Health and Human Services:** 52 percent of 78,198 employees would be sent home. (Many food regulators will stay, those overseeing mental health programs would go home.)

**Department of Homeland Security:** 14 percent of the 231,117 employees would go home. (Border Patrol would stay. Operations of E-Verify would cease.)

**Department of Housing and Urban Development:** 95 percent of the 8,709 employees would go home. (Those in charge of guaranteeing mortgages at Ginnie Mae would stay, as would those in charge of homelessness programs. Everything else would stop.)

**Department of Labor:** 82 percent of the 16,304 employees would be sent home. (Mine safety inspectors will stay, those working on economic data in the Bureau of Labor Statistics will get furloughed.)

**NASA:** 97 percent of the 18,134 employees would be sent home. (Employees working on the International Space Station will stay. Most engineers will go home.)

**Department of Interior:** 81 percent of the 72,562 employees would be sent home. (Wildlife law enforcement officers would stay, but the parks themselves would close.)

**Department of Justice:** 15 percent of the 114,486 employees would go home. (FBI agents, drug enforcement agents, and federal prison employees would stay. Some attorneys would go home.)

**U.S. Postal Service:** Everyone would stay, since the Postal Service is self-funded.

**Social Security Administration:** 29 percent of the 62,343 employees would be sent home. (Claims representatives would stay, actuaries would go home.)

**Department of Treasury:** 80 percent of the 112,461 employees will be sent home. (Those sending out Social Security checks would stay, IRS employees overseeing audits would go home.)

**Department of Transportation:** 33 percent of the 55,468 employees will get sent home. (Air traffic controllers will stay, airport inspections will cease.)

**Department of Veterans Affairs:** 4 percent of the 332,025 employees would go home. (Hospital workers would stay, some workers in charge of processing benefits would go home.)

A much, much more detailed list can be found in the agency contingency plans prepared [here](#).

### **Do "non-essential employees" who get sent home ever get paid?**

That's unclear, as my colleague Lisa Rein [has reported](#). On the first day of the shutdown, these employees do have to come to their offices to secure various files and make preparations necessary to halt their programs. The last time this happened, Congress later agreed to pay these employees retroactively when the government reopened. But that's completely up to Congress.

### **Is the government even prepared for a shutdown?**

Maybe? As mentioned before, the Office of Management and Budget has asked federal agencies to develop [contingency plans](#) for a shutdown. But chaos is certainly possible. Back during the 1995 shutdown, the Social Security Administration initially sent home far too many workers and had to recall 50,000 of them after three days in order to carry out its legal duties.

### **Which parts of the economy would be most affected by a shutdown?**

A few points:

-- The local economy around Washington, D.C. [is expected to lose](#) some \$200 million in economic activity for each day that the government is shut down.

-- Economist Mark Zandi [has estimated](#) that a short government shutdown, which would send more than 800,000 federal workers home, could shave about 0.3 percentage points off economic growth in the fourth quarter of 2013 (though the economy would likely bounce back in the following quarter). A more extended shutdown could do even more damage.

-- Alternatively, we can look at what happened back in 1995 and 1996, [the last two times](#) the federal government actually shut down for a few weeks. In a research note earlier this month, Chris Krueger of Guggenheim Partners passed along some thoughts about the possible economic impacts of a shutdown in a few areas:

**Tourism:** U.S. tourist industries and airlines reportedly sustained millions of dollars in losses during the 1995 and 1996 shutdowns, in part because visas were going unprocessed and in part because so many parks were shutting down, turning away 7 million visitors.

**Federal contractors:** Of the \$18 billion in federal contracts in the D.C. area back in 1995-1996, about one-fifth, or \$3.7 billion, were put on hold during the shutdown. Employees of contractors were reportedly furloughed without pay.

**Energy:** The Department of Interior [would temporarily stop reviewing](#) permits for onshore oil and gas drilling as well as applications for renewable energy projects on public land. The Department of Energy would stop processing applications for liquefied natural gas exports.

**Pharma and biotech:** This one's hard to game out. The Food and Drug Administration didn't have to shut down in 1995 and 1996 because it was already funded. This time around, however, the FDA won't be spared, and the review process for new drugs might get bogged down. The shutdown could also put a cramp on the grant process from the National Institutes of Health. "If prolonged," Krueger writes, "that could negatively impact life sciences/diagnostics companies."

### **Would a government shutdown stop Obamacare from happening?**

Nope. As Sarah Kliff [has explained](#), the key parts of Obamacare rely on mandatory spending that isn't affected by a shutdown. "That includes the new online marketplaces, known as exchanges, where uninsured people will be able to shop for coverage. The Medicaid expansion is funded with mandatory funding, as are the billions in federal tax credits to help with purchasing coverage." The government would also continue to set up exchanges using money that was already appropriated.

### **How do you end a government shutdown?**

Congress needs to pass a bill (or bills) to fund the government, and the White House has to sign them. They can do this at any time. Or they can sit at home and keep the government closed. Nothing requires them to do anything. It depends what sort of political pressure they're facing.

### **How often has the government shut down before?**

Since 1976, there have been [17 different government shutdowns](#). The longest came in 1995-1996 and lasted 21 days, as Bill Clinton wrangled with congressional Republicans over budget matters.

But there were also six shutdowns in the 1970s, all lasting longer than eight days, and there was even a one-day shutdown in 1982 when Congress couldn't agree on funding for Nicaraguan Contras.

### **Is a government shutdown the same thing as breaching the debt ceiling?**

Nope! Different type of crisis. In a government shutdown, the federal government is not allowed to make any new spending commitments (save for all the exceptions noted above).

By contrast, if we hit the debt-ceiling then the Treasury Department won't be able to borrow money to pay for spending that Congress has already approved. In that case, either Congress will have to lift the debt ceiling or the federal government [will have to default on some of its bills](#), possibly including payments to bondholders. That could trigger big disruptions in the financial markets — or a long-term rise in borrowing costs.

The Bipartisan Policy Center [estimates](#) that we're on pace to breach the debt ceiling sometime between Oct. 18 and Nov. 5. So if a government shutdown isn't thrilling enough for you, good news: There's another fiscal crisis just around the corner.

\* *Clarification:* During the 1995-1996 shutdown, many visas and passports went unprocessed. This time around, however, the State Department [has said](#) it will keep as many consulates and embassies open as it can using existing funds.

*Note:* This is an updated version of [this older post](#).

### **Further reading:**

--A detailed look at how each agency [would be affected](#) by a shutdown.

--The Congressional Research Service walks through the legal aspects of a government shutdown in this [report](#) (pdf). And Andrew Cohen [breaks down the law](#) that governs shutdowns.

-- Here's Dylan Matthews [explaining the ins and outs](#) of the ongoing budget impasse in Congress.

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