TAXPAYERS for COMMON SENSE

5 FAST FACTS

about

Government Shutdowns

1. GOVERNMENT SHUTDOWNS COST TAXPAYER DOLLARS.

Contrary to popular belief, government shutdowns do not save money. The Congressional Budget Office found that the 35-day 2018/19 government shutdown led to an $8 billion decrease in the United States' real GDP equally roughly 0.2 percent of GDP. Moreover, government employees eventually receive back pay for the time they didn't work, adding to the taxpayer burden.

2. SHUTDOWNS HAVE NEVER CHANGED THE SPENDING TRAJECTORY.

Shutdowns have had numerous causes, ranging from policy spats over education, to healthcare, to border walls. At their core, they are disputes about spending and how taxpayer funds are allocated. Although the specific cause may shift, what doesn't change is spending habits, escalating debt, and expanding deficits. For instance, the total debt-to-GDP ratio was 64 percent during the 1995/96 shutdown; as of Q2 2023, the debt-to-GDP ratio sits at 119%. While fiscal responsibility is crucial, a government shutdown is not an effective solution.

3. SHUTDOWNS ARE BECOMING MORE COMMON THAN THEY ONCE WERE.

While initiated by politicians, shutdowns are a result of the Anti-Deficiency Act (ADA), which prevents federal agencies from incurring obligations or making expenditures that exceed the amounts available in appropriations. When Congress fails to enact annual appropriation bills, federal agencies must cease non-essential functions. The bill was originally passed in 1884 but underwent a major amendment in 1950 and a stricter interpretation of the law in 1981 and ’82 by then-Attorney General Benjamin Civiletti, creating the system we have today. The first government shutdowns occurred on a few occasions in the Carter and Reagan administrations, but all lasted for very brief periods, less than a day. The first protracted shutdowns occurred in 1995 and 1996. In the decade from 2013 to 2023, there have been three shutdowns. This growing regularity is cause for concern.

4. CONTINUING RESOLUTIONS ARE THE UNFORTUNATE NORM, NOT DISASTROUS.

Continuing Resolutions (CRs) are stopgap spending measures enacted to provide Congress additional time to pass more comprehensive appropriations. Unfortunately, they have become standard practice. The last time Congress completed all appropriations bills individually and on schedule – so-called regular order – was in 1994, nearly 30 years ago. In 1997 the bills were passed in packages but not individually. In every year since, circumstances have required that Congress pass a CR to keep the lights on. In some years multiple CRs were needed and some agencies have operated under a CR for a full fiscal year. While not ideal, CRs are a far better alternative to government shutdowns.

5. SHUTDOWNS AFFECT MILLIONS OF PEOPLE - 1.9 MILLION AMERICANS GO WITHOUT A PAYCHECK DURING THE SHUTDOWN – MILITARY PERSONNEL ADD 1.3 MILLION MORE.

Government shutdowns have a considerable human toll as well. Millions of federal employees, spread across all 50 states and every populated territory, go without pay until the deadlock is broken. Federal employees, from janitors to soldiers, many living paycheck to paycheck, have to wait for back pay once Congress eventually acts. The first payday missed is roughly two weeks after the start of the fiscal year, but there is a lot of unnecessary anxiety well before that.