

Update on the Federal Government Shutdown for Local Governments

As you are aware, the federal government officially shut down at midnight on October 1 with the start of the new fiscal year. Although we know a shutdown simply means that, in most cases, agency authority to make normal expenditures has lapsed, it's still not clear what kind of shutdown this will be. The President has significant flexibility to carry out the requirements of a government shutdown. According to reports, Senate Majority Leader Thune may continue holding frequent repetitive votes on the same clean CR (continuing resolution) that failed to achieve 60 votes before the shutdown.

OMB (Office of Management and Budget) has instructed federal agencies on how to [prepare for a shutdown](#). Contingency plans by agency can be found below.

Among the different actions the Administration is undertaking, OMB has also issued [guidance to agencies](#) regarding permanent reductions in force (RIFs) based on, in their view, the minimal number of employees necessary to carry out statutory functions once appropriations are enacted.

Agency Contingency Plans:

- [Department of Agriculture](#)
- [Department of Commerce](#)
- [Department of Defense](#)
- [Department of Education](#)
- [Department of Energy](#)
- [Department of Health and Human Services](#)
- [Department of Homeland Security](#)
- [Department of Housing and Urban Development](#)
- [Department of the Interior](#)
- [Department of Justice](#)
- [Department of Labor](#)
- [Department of State](#)
- [Department of Transportation](#)
- [Department of Treasury](#)
- [Army Corps of Engineers](#)
- [Environmental Protection Agency](#)

- [Federal Communications Commission](#)
- [Small Business Administration](#)
- [Social Security Administration](#)
- [Veterans Administration](#)

NHMA is a member of the National League of Cities (NLC), which is opposed to federal government shutdowns due to their compounding impacts on local government operations and services. NLC President, Mayor Steve Patterson, Athens, OH, issued a formal statement on the impact of a shutdown on Tuesday, in advance of the congressional votes. The statement can be found [here](#).

Additionally, NLC created a [checklist](#) of what to expect to support local leaders as they navigate this shutdown period. The checklist, while useful, is based on what they have learned from prior shutdowns. As NLC communicates with the White House and tries to learn more about how their approach will be different, they will update resources accordingly.

In addition to the broader impacts of the shutdown, it is important to note that several federal programs have lapsed including the National Flood Insurance Program (NFIP), Temporary Assistance for Needy Families (TANF), Medicare Health Extenders and portions of the Farm Bill. Because statutory authorization expired for these programs on September 30 and was not extended by a continuing resolution, they cannot continue into the new fiscal year. In the case of NFIP, this means that the federal government cannot issue new policies, renew expiring ones or increase coverage on existing policies. Only claims on currently active policies will be processed. This lapse leaves homeowners, prospective buyers and local governments facing major uncertainty until Congress acts to reauthorize the program.

For other programs, like CDBG, grantees should be able to continue accessing their funds if they have already been obligated. However, this might also be turned off with little to no notice if the shutdown becomes lengthy.

In addition, for USDOT programs impacted, here is the latest on specific Transportation Bureaus:

[FHWA](#): FHWA's 2,268 employees are supported by the Highway Trust Fund (HTF) and therefore are not impacted by the shutdown. All activities will proceed as normal. Cities should continue requesting their grant agreements for any outstanding grants and conduct all other business with FHWA as normal.

[NHTSA](#): NHTSA's 574 employees will be supported by the HTF and advanced appropriations from the Infrastructure Investment and Jobs Act (IIJA). All activities will proceed as normal.

FTA: All of FTA's 517 employees will continue to work due to funding from the HTF and advanced appropriations from IIJA. FTA will be able to reimburse transit agencies for previously approved projects, but unlikely to approve new grants.

FRA: Out of FRA's 1,023, 239 employees will be furloughed. FRA's leadership, Office of Railroad Development, and 550 employees are considered necessary to protect life and property such as the Office of Railroad Safety and railroad inspections and will remain working. FRA may stop R&D projects, rulemakings and media activities unless emergencies occur.

FAA: Out of FAA's 44,829 employees, 11,322 will be furloughed. Air traffic control and other aviation safety activities will continue as normal. Activities like aviation rulemaking, capital planning, and public affairs will be impacted by the shutdown.

PHMSA: Out of the 579 employees, 190 will be furloughed. Most activities will proceed, but some, like approvals and permits (except for emergency), outreach and training, special investigations, and training will be impacted by the shutdown. Notably, hazardous materials grants benefitting emergency first responders and localities that would be funded from new registration fee collections are ceased during the shutdown.

As the situation evolves, NHMA will continue to provide additional updates.

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