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2023 Government Shutdown: General Information and Resources for SRCD Members

Summary: As we get closer to the end of the U.S. federal government's fiscal year (September 30th, 2023), the federal government will most likely shutdown. Please read below for resources and general information about how a U.S. federal government shutdown might impact your specific projects, our most vulnerable children, and how SRCD is advocating to ensure developmental science funding for this year's appropriation process. **SRCD encourages our members who have federal grants or contracts to communicate with their program officers to get detailed information on how this shutdown might affect your specific projects and assignments.**

Potential Outcomes and their Effects on Federal Grants

Each shutdown scenario is unique and depends on the legislative language that is included in the final versions of these funding packages. That's why it is important for SRCD members to have constant communication with their program officers prior to a shutdown occurring. Federal staff are not able to do any work, including communicating with grantees, during a shutdown. SRCD will keep this page updated as we learn more.

The following two situations may occur in the next few days:

1. **Government Shutdown:** If Congress is unable to agree on a budget proposal for the new fiscal year, which seems likely:
    - Federal staff are not available to provide services to the public.

- If grantees receive the award before the shutdown, some will be able to draw down their grant. However, some grants have restrictive terms and grantees might not have access to their awards in the case of a shutdown.
- Agencies (NIH, IES, etc.) may continue to accept grant applications but will not review them until government operations resume.
- Federal agencies are likely to provide notices to update the public on deadlines and submission dates.
- Federal agencies will not be posting new funding opportunities.

2. **Continuing Resolution (CR):** CRs generally extend funding levels from the prior year's appropriations. This means that federal grants are temporarily likely to continue to receive funds at the same rate as enacted in the previous budget. While it seems unlikely that Congress will agree on a CR, it is still possible. The exact impact of a CR is determined based on the legislative language that is passed. Here are three potential scenarios of how a CR could affect federal grants and contracts:
    - In some cases, federal grants have multi-year appropriations and have funding flexibility beyond annual appropriations. Communication with your grant officer is key to better understand how your grant is funded and whether a CR will enable it to continue.
    - An agency's administrative capacity may be limited, for example, deadline dates might be changed, or grant adjustments may be requested of projects.
    - If Congress does not include language to provide additional funding for certain programs in the CR, it can have substantial negative effects on federal agencies and programs since it cannot provide the expected services.

Suggested Action for SRCD Members with Federal Grants and Contracts

- **Plan ahead! Communicate with your grant officer** to see how this shutdown might affect your project.
- Follow SRCD social media pages and visit our website for updates and resources. We will keep this document updated with relevant information and resources as Congress continues to work on spending packages.
- Keep track of Federal Agency's notices and updates on deadlines, submissions, and operational capacities.
    - FederalRegister.gov
    - Grants.gov
    - Agency Contingency Plans | OMB | The White House

How Does a Federal Shutdown Impact Children and Families Across the Nation?

In general terms, U.S. federal government shutdowns have negative effects on the economy. A recent report by the Congressional Budget Office (CBO) estimated that the 5-week partial government shutdown in 2018-2019 reduced economic output by $11 billion in the following two quarters—including $3 billion that the U.S. economy never regained. Other reports from past government shutdowns also conclude that consumer confidence goes down and that it reduces the economy's capacity to grow.

Unfortunately, our most vulnerable members of society are impacted the greatest by government shutdowns. The 42 million people that receive Supplemental Nutrition Assistance Program (SNAP) benefits would see their average monthly benefit amount at risk. In addition, low-income families that are recipients of the Temporary Assistance for Needy Families (TANF) and the over 6.3 million recipients of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) could also see those benefits put in jeopardy. Children enrolled in Head Start programs and federally funded childcare slots may be at risk of losing placements, depending on the center. In addition, families that receive housing assistance may face the threat of losing their homes.

This uncertainty comes at a time when 4 million children have entered poverty because of the expiration of the pandemic-era Child Tax Credit expansion that was included in the American Rescue Plan. There is ample evidence that poverty can impact children's healthy development, and we are concerned about the impact this will have on children and families.

Action from SRCD

SRCD has been pushing hard for Congress to not only pass a budget proposal that keeps the federal government funded but that it also includes the much-needed investments on research and developmental science that betters the lives of children and communities throughout the nation. Since the appropriation process started earlier in the year:

- **SRCD has signed-on seven letters** to ensure science funding while also calling to reject cuts on important non-defense programs (NDD) that are vital in providing support to not only scientific and medical research but also to children and low-income families.
- **Hill visits:** SRCD, alongside our coalition partners, visited around 50 congressional offices to promote science funding in key agencies. We've also met with bipartisan Senate and House committee staffers

to establish the importance of funding science and research programs at levels that ensure good and quality research that helps children and families in the nation.

Wondering How the Appropriation Process Should Function?

The U.S. federal government fiscal year begins every October first. The are two types of spending in the federal budget: mandatory and discretionary spending. During a shutdown, mandatory spending (e.g., social security, Medicaid, Medicare) continues to operate without major issues. However, discretionary spending needs yearly appropriations to continue operating.

After the President presents the federal budget to the public during the State of the Union Address (SOTU) early in the year, Congress moves to discuss the President's budget proposal through the appropriation process. This happens in each chamber independently, as the Appropriation Committees and subcommittees hold hearings on each of the spending bills to create their version of the federal budget. After the House and the Senate have each voted on their versions of an appropriations bill, a conference committee meets to reconcile any differences between the spending bills. Once this has been approved, the conference report is sent back to the House and Senate for final approval.

All appropriation bills (12) should be sent to the President's desk no later than September 30th each year to avoid a government shutdown. If the appropriation process does not occur, Congress can work on a short-term spending bill, or a continuing resolution (CR), to continue government operations while negotiations continue. If the appropriation process gets shutdown, Congress can work on an omnibus bill, or a consolidated appropriation bill that puts together all spending bills into one.

Resources:

1. On the appropriation process, see the Congressional Research Service (CRS) report: "The Appropriations Process: A Brief Overview" for information.
2. Congressional Research Service Report: Continuing Resolutions: Overview of Components and Practices
3. GAO Blog: What is a Continuing Resolution and How Does It Impact Government Operations?
4. GAO Report: Federal Budget:Selected Agencies and Programs Used Strategies to Manage Constraints of Continuing Resolutions
5. Federal Grants Wire Article: How the Government Shutdown Affects Federal Grants

6. National Science Foundation: Grant and Cooperative Agreement-Related Policy and Systems Issues Following the Resumption of Operations at the National Science Foundation
7. About the NIH Guide for Grants and Contracts | grants.nih.gov