



FROM: Kountoupes Denham Carr & Reid
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RE: Government Shutdown Outlook

Current Outlook

With government funding set to expire on September 30, 2025, and no clear path to passing a bipartisan Continuing Resolution (CR) for Fiscal Year 2026 (FY26) annual appropriations in the Senate, it is possible a federal government shutdown could occur, though outlook on the duration (if at all) is currently uncertain and depends on how quickly Congress can act after returning from recess. House Speaker Mike Johnson (R-LA) has [indicated](#) he does not intend to call House members back for votes before October 1, 2025, though House Minority Leader Hakeem Jeffries (D-NY) recently told House Democrats to be in town when the Senate returns on Monday, September 29, 2025.

On September 16, 2025, the House Appropriations Committee [released](#) the Continuing Appropriations and Extensions Act, 2026—a 91-page, clean short-term Continuing Resolution (CR) to fund the federal government through November 21, 2025. The bill includes \$30 million for extra security for members of Congress, \$58 million in security assistance for the executive branch and the Supreme Court, and an extension of the Cybersecurity Information Sharing Act of 2015 (CISA) and certain Medicare telehealth flexibilities through November 21, 2025. The House passed the CR on September 19, 2025, by a vote of 217-212. Republican Reps. Thomas Massie (R-KY) and Victoria Spartz (R-IN) opposed the measure and Rep. Jared Golden (D-ME) voted in favor.

On September 17, 2025, top Democratic appropriators in the House and Senate, Rep. Rosa DeLauro (D-CT) and Sen. Patty Murray (D-WA), [introduced](#) a counter proposal CR that would extend government funding through October 31, 2025, and includes several policy riders that Democrats have said are necessary for their support of any CR. The Democratic CR would reverse some healthcare cuts made in the One Big Beautiful Bill Act (OBBBA) (Public Law 119-21), extend the enhanced premium tax credits that are set to expire on December 31, 2025, and

address rescissions requested by the administration. On September 19, 2025, the Senate voted on both the House-passed Republican CR and the Democratic CR, and both failed to gain the 60 votes necessary to pass. Sen. John Fetterman (D-PA) voted in favor of the GOP CR and Sens. Rand Paul (R-KY) and Lisa Murkowski (R-AK) voted against the GOP CR.

On September 22, 2025, Senate Minority Leader Chuck Schumer (D-NY) and House Minority Leader Hakeem Jeffries (D-NY) requested a meeting with President Trump to negotiate a short-term spending deal that could reach the 60-vote threshold with support from Senate Democrats. Shortly after agreeing to the meeting, President Trump canceled the meeting and [stated](#) on Truth Social that “After reviewing the details of the unserious and ridiculous demands being made by the Minority Radical Left Democrats in return for their Votes to keep our thriving Country open, I have decided that no meeting with their Congressional Leaders could possibly be productive.”

On September 24, 2025, Office of Management and Budget (OMB) Director Russ Vought [issued](#) a memo directing agencies to consider Reduction in Force (RIF) notices for all employees in programs, projects, or activities that (1) have a discretionary funding lapse on Oct 1, 2025; (2) do not receive H.R.1 (or another source) of funding; and (3) are not consistent with the president's priorities. While implementation of the Reduction in Force notices is unclear, the memo also directs agencies that did not submit contingency plans on August 1, 2025, to submit them as soon as possible. The Trump administration's OMB has not published a list of contingency plans across federal government agencies for FY25, and has [specified](#) that agency contingency plans “are hosted solely on each agency's website” in accordance with [Circular A-11](#). Not all agencies have posted their updated contingency plans. To view list of past agency contingency plans, click [here](#).

Although we expect the situation of government funding to remain fluid ahead of September 30, 2025, here is what we can expect if a government shutdown does occur:

How a Government Shutdown Affects Programs and Services

A government shutdown affects all federal activities funded by discretionary appropriations. During a shutdown, the Antideficiency Act prohibits agencies from continuing activities funded by annual appropriations that are not excepted by the law. Programs covered by mandatory spending, such as Medicare, Medicaid, and Social Security, would continue, as well as essential services. Additionally, Internal Revenue Service (IRS) operations are expected to continue as normal because of its funds from the Inflation Reduction Act (Public Law 117-169).

In prior shutdowns, most services deemed “essential” were public safety-related, like air traffic control, law enforcement, and maintenance of the electric grid. Unless federal employees are deemed essential, they are likely to be furloughed until the government is funded. For example, during a full government shutdown in 2013, 850,000 out of 2.1 million non-postal federal employees were furloughed. Sometimes this can affect services provided by essential employees or

mandatory spending programs. For example, Americans faced air travel issues during the 2018–2019 shutdown because air traffic controllers and Transportation Security Administration (TSA) agents worked without pay. Additionally, customer service for mandatory programs like Social Security is likely to be slower.

Other ways a shutdown could affect your day-to-day include the shutdown of national parks, delays in processing passport applications, government benefits and loans. In 2013, Food and Drug Administration (FDA) delayed nearly 900 inspections, and in 2018–2019, the agency furloughed approximately 40% of its workforce. During the 2018–2019 shutdown, FDA’s nonessential tasks that were put on hold included some drug reviews, approvals for new drugs and devices, and issuance of new guidance documents. Investigational new drug applications (INDs) not associated with user fee products were accepted during the shutdown. During that shutdown, FDA used existing user fees to carry out some product reviews, but it resulted in furloughing additional staff to extend those funds.

Members of Congress would continue to work, as their salaries are funded by a permanent appropriation established in 1981, even if the rest of the appropriations have not been signed into law. In the same vein, much of Congress’ work could continue, including voting on legislation. While staff member salaries are subject to appropriations, Government Accountability Office (GAO) has deemed essential congressional employees as those whose tasks are “necessary to assist the Congress in the performance of its constitutional duties.” Department of Justice (DOJ) has ruled similarly for executive branch employees.

A government shutdown will also affect the economy. A report [issued](#) in September 2019 by the Senate Permanent Subcommittee on Investigations found that the “last three government shutdowns cost taxpayers nearly \$4 billion—at least \$3.7 billion in back pay to furloughed federal workers, and at least \$338 million in other costs associated with the shutdown.” OMB estimated that the lost productivity of government workers during the 2013 shutdown, which lasted a little over two weeks, cost the government \$2 billion.

Additional Resources

<https://www.whitehouse.gov/omb/information-for-agencies/agency-contingency-plans/>
<https://www.crfb.org/papers/qa-everything-you-should-know-about-government-shutdowns#isgovernmentpreparing>