



AFSCME Facts

Federal Government Shutdown Basics & Impacts **Oct. 1, 2025**

Beginning at 12:01 a.m., Oct. 1, 2025, the federal government implemented a broad shutdown of its activities funded through the annual appropriations process. As a result, some public services are being halted and hundreds of thousands of federal employees are being furloughed. Even more will go unpaid until the shutdown ends. During the shutdown, the impact on federal funding received by state and local governments and other providers of public services as well as the workers employed by them will depend on how long the shutdown lasts. This fact sheet describes why this shutdown is happening and its immediate and potential impacts.

Why is there a federal shutdown?

To avoid a shutdown, Congress must pass either full-year or stopgap spending bills annually to fund federal government operations by Sept. 30, which is the end of the federal fiscal year (FY). This year, Congress did not pass a temporary or full-year spending bill through both the U.S. House of Representatives and the U.S. Senate before this deadline. This means most federal government operations for the current fiscal year that started on Oct. 1, 2025, are unfunded. As a result, the federal government was forced to shut down its non-essential functions on Oct. 1. The government cannot reopen until a spending bill is passed by Congress and signed by the president. Please note that the Trump administration has determined what it deems to be "non-essential services," which may not comport with past shutdowns.

Before the shutdown, the U.S. House of Representatives passed a partisan, temporary funding bill by a slim majority on Sept. 19. Spending bills, however, need 60 votes to pass in the U.S. Senate. Any funding bill must be bipartisan enough to convince at least seven Democratic senators to vote for it with the 53 Republican senators. The House-passed, short-term funding bill did not pass the Senate, falling far short of the 60 votes needed. After the failed Senate vote, the White House refused to meet with Democratic senators to negotiate a compromise and threatened to fire federal workers unless enough Democrats voted for the Republican-led spending bill to pass. Democrats are urging congressional Republicans to include in the spending bill provisions to bring down skyrocketing health care costs and guardrails to prevent the administration from clawing back congressionally appropriated federal funding, but negotiations remain at an impasse.

How can the shutdown end?

For a shutdown to end, Democrats and Republicans must work together to reach a compromise. They will need to negotiate a temporary or full-year spending bill that is bipartisan enough to earn the support of at least seven Democratic senators. As they work through this process, both parties must prioritize the needs of working people both to fund the government programs they rely on and to address skyrocketing health care costs made so much worse by the One Big Beautiful Bill Act's one trillion dollar cut to health care funding. This will affect AFSCME members in the health care workforce and in every other sector as state budgets are strained by the shortfall in health care funding. Congress

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should also put guardrails in place to prevent the administration from continuing to illegally claw back funds that Congress approved to be spent.

The pressure to end a shutdown will likely grow over time. During the 35-day government shutdown that occurred in 2019, one of the major factors in ending the shutdown was the impact on air travel and air safety. Air traffic controllers and Transportation Security Administration (TSA) officers were deemed “essential,” but they were not paid during the shutdown. As the lengthy shutdown wore on, many controllers and TSA officers were absent, and significant airport security and flight delays put pressure on Congress and the White House to negotiate an end to the shutdown.

What is the impact on AFSCME members who work for the federal government?

Impacted Members – AFSCME members who work in both the executive and legislative branches of the federal government and whose jobs are funded by annual appropriations are affected by the shutdown. This includes AFSCME members who work for the Departments of Agriculture, Justice and Transportation, Library of Congress, Architect of the Capitol and other agencies.

Impacts – Affected members fall into two categories: (1) those who are furloughed; and (2) those who are excepted from being furloughed because the work they do is necessary to protect life and property or carry out certain other functions. Neither group will be paid during the shutdown. Both, however, must be paid as soon as possible once the shutdown ends. Any AFSCME members whose jobs are funded outside the annual appropriations period generally continue to work and get paid so long as the legal authority for that funding is in effect.

Threatened Firings – The Trump administration is asserting that it has the authority to engage in mass firings of federal employees during a shutdown, something no other administration has ever done or even suggested it could do. Russell Vought, President Trump’s Director of the Office of Management and Budget and the architect of Project 2025, has issued a memo to federal agency leaders directing them to consider firing all federal employees working in programs, projects or activities with lapsed funding that are “not consistent with the President’s priorities.” If the Trump administration were to do this, the legality of it would be challenged immediately.

How does a shutdown impact AFSCME members’ non-federal employers?

Reliance on Federal Funding – AFSCME members’ non-federal employers typically rely on federal money to fund part of their operations. Federal dollars account for one-third of the average state’s total spending and a smaller but meaningful share of revenue for the average county, city, local school district and higher education institution. Non-governmental employers also may count on direct federal grants or reimbursement through federally funded programs to pay for services they deliver. For example, Head Start agencies get up to 80% of their funding from federal grants.

Threats to Jobs When Funding Is Unavailable – Federal funding may not be available for the remainder of the shutdown if it is subject to annual appropriation by Congress or otherwise expires during the shutdown. *Without federal funding, some employers may consider furloughing employees, especially those whose jobs are directly paid for at least in part by federal dollars.* Additional information about the potential impact on jobs is provided below.

Impacted Funding Depends on How Long the Shutdown Lasts – Some funding that AFSCME employers rely on lapses as soon as the shutdown began. Other funding, however, could lapse in

coming months if the shutdown were to extend for a long time. Some programs allow recipients to carry over unspent money from the prior fiscal years and use it until it is expended. Some programs are advance funded, e.g., through the first quarter of the new fiscal year (i.e., until Dec. 31, 2025). Funding for some grants ends only when the current grant period ends. The longest previous shutdown lasted for 35 days and only affected some federal agencies and one-fourth of discretionary spending.

Which AFSCME members' jobs that rely on federal funding could be affected immediately?

Only Fiscal-Year Funding – At the beginning of the shutdown, federal funding ceased immediately for some non-federally operated programs that employ AFSCME members. These are programs subject to annual appropriations with no other federal funding (e.g., forward, advance or carryover funding). *Some state and local governments might respond to the lapse in funding by furloughing employees in the affected programs.*

EXAMPLE – State OSHA Agencies: Federal funding for state OSHA plans, and therefore the pay and benefits of AFSCME members employed by them, lapsed immediately at the beginning of the shutdown. The U.S. Department of Labor provides states with fiscal-year grants that pay for up to 50% of these expenses. During the 2013 shutdown, Iowa furloughed 14 employees of the Iowa Occupational Safety and Health Administration. States could choose to finance 100% of operational costs using only their own money during the funding lapse and then either count it toward their share of program costs for the full fiscal year or try to get reimbursement after the shutdown ends.

EXAMPLE – Disability Determination Services: Federal funding for state disability determination services (DDS), and therefore the pay and benefits of AFSCME members employed by state DDS agencies, lapsed immediately at the beginning of the shutdown. The Social Security Administration (SSA) reimburses states for 100% of these expenses. SSA has previously encouraged states to maintain some staffing during federal shutdowns. During the 2013 federal shutdown, however, Maine furloughed the entire workforce of the Maine Disability Determination Office. A state could spend its own money to keep a DDS operating during the shutdown. The federal government typically reimburses states in these instances, but that is not guaranteed.

Expiring Grants – Some grant funded programs are funded through the term of the grant but cannot be renewed during a federal shutdown. Therefore, *some programs with grants that expire during a shutdown might cease operations and furlough employees until the shutdown ends.*

EXAMPLE – Head Start: Head Start and Early Head Start agency grants occur on a rolling basis, with grants expiring throughout the year, without regard to when the federal fiscal year ends. A program is affected by a shutdown only if its grant expires during it. Because these programs rely on federal grants for up to 80% of their funding, they could be forced to furlough employees. If a shutdown had occurred at the beginning of FY 2024, 10 Head Start and Early Head Start programs serving more than 10,000 children and families reportedly would have been impacted immediately.

Certain Expiring Programs – Some mandatory programs are not subject to the annual appropriations process and have funds automatically available so long as the program has been authorized. The authorization for some programs expired after Sept. 30, however, because Congress did not act. These programs include Community Health Centers and Temporary Assistance for Needy Families block

grants to states. *Affected employers of AFSCME members might respond to the lapse in federal funding by furloughing workers or seeking other cuts.* While the issues affecting these programs are technically different from the lapse in annual appropriations, they likely would be addressed in either full-year appropriations laws or a continuing resolution extending funding for at least part of FY 2026.

Similarly, automatic cuts in Medicaid's disproportionate share hospital payments will go into effect after Sept. 30 if Congress does not act. These are payments made to safety-net hospitals (including many that employ AFSCME members) to offset the charity care they provide and improve their financial stability along with health care access for Medicaid-covered and uninsured patients.

Which AFSCME members' jobs that rely on federal funding could be affected by a prolonged shutdown?

The longer a shutdown lasts, the more programs there will be with lapsed funding that affects AFSCME members' jobs. Some programs have carryover or reserve funding that can last a month or more. Others are advance or forward funded. Still others have multi-year funding. While the longest shutdown lasted 35 days, it is impossible to know how long this one will last. If it lasts more than a month, additional programs that employ AFSCME members could be affected.

EXAMPLE – Supplemental Nutrition Assistance Program (SNAP): SNAP benefits for October were already obligated last month. Further, in prior shutdowns the program has been permitted to spend unused carryover funding from prior years and spend down its reserve fund. If the Trump administration follows these past practices, SNAP funding could last into November or so. If federal funding were to be exhausted, a state might respond by suspending the program. This could include the furloughing of AFSCME members who operate SNAP at state and county agencies. States and counties could spend their own money to keep SNAP operating. The federal government typically reimburses governments in these situations, but that is not guaranteed.

EXAMPLE – Medicaid: Although Medicaid is an entitlement, its funding is appropriated. Under the budget resolution that just expired, funding was advance appropriated through the end of the first quarter of FY 2026 (Dec. 31, 2025). If the shutdown lasts into next year, it is unclear how state Medicaid programs would respond. States and counties could spend their own money to keep Medicaid operating. The federal government typically reimburses governments in these situations, but that is not guaranteed. States also could count all of their spending during this time against their required state share for the full fiscal year. Over a very long shutdown, spending only state money could be challenging because of the very large dollar amounts required. While it seems unlikely, some might delay payments to health care providers. Further, state and county agencies operating Medicaid programs might furlough workers while there is a lapse in the 50% federal share of administrative costs, including the pay and benefits of state and county Medicaid agency employees.

Which AFSCME members' jobs that rely on federal funding are least likely to be affected by the shutdown?

Some programs have indefinite, multiyear or forward funding that extends beyond any likely end to this shutdown. Therefore, the shutdown very likely will have no impact on jobs funded by those programs.

EXAMPLE – Education Funding for K-12 Schools: Most federal education funding for K-12 schools is forward funded: Funds are provided in July for the entire upcoming school year. This includes most funding to support disadvantaged students under Title I of the Elementary and Secondary Education Act and students with disabilities under the Individuals with Disabilities Education Act. Therefore, AFSCME members' jobs funded by these grant programs are highly unlikely to be impacted by this shutdown.

What is the impact on public services provided by the federal government?

Federal programs and functions funded through the annual appropriations process generally stop during a shutdown. That is because federal law prohibits spending money that has not been appropriated except in certain circumstances. The exceptions include activities necessary to protect life and property, provide for the national defense and carry out other constitutionally or statutorily required duties.

EXAMPLE – OSHA: Federal OSHA's usual inspection activities are generally suspended during a shutdown because OSHA's activities are funded through the annual appropriations process. Some OSHA inspectors are usually excepted from the furlough, however, so that they can address urgent situations that pose an imminent risk to workers' lives and similar matters.

Some significant programs and activities are funded outside the annual appropriations process, either on a permanent basis or for longer than a single fiscal year.

EXAMPLE – Social Security: Social Security benefits have a permanent and indefinite appropriation and therefore will continue to be paid during the shutdown no matter how long it lasts. Reflecting the complexity of federal funding, however, Social Security administrative costs, including pay for SSA staff, are subject to annual appropriations. Therefore, some SSA employees are furloughed during a shutdown, and some services other than the continued payment of benefits are somewhat limited during the shutdown.

Might the Trump administration try using the shutdown to inflict additional harm?

Yes. In addition to attempting to fire federal employees working in programs it does not like, the administration might use any discretion it believes it has and reinterpret existing laws to cease operations and programs it disfavors or otherwise to get leverage in bargaining with Democrats in Congress.