



Federal Government Shutdown: Potential County Impacts September 26, 2023

With just days remaining before funding authority runs out for the entirety of the federal government – and with no clear legislative pathway to a new budget deal – the prospects for a government shutdown appear to be growing. While some observers are predicting that a shutdown could drag on for weeks, it is impossible to forecast the length of any such disruption in government operations given the volatility of the current political climate on Capitol Hill.

Which Local Programs are Affected (and not Affected) by a Shutdown?

Generally, **mandatory spending programs** – including Medicare and Social Security – are **not** affected by a government shutdown, as these programs are permanently funded. All told, roughly two-thirds of federal grant funding to States (a sizeable portion of which is passed on to local governments) is considered mandatory/entitlement spending.

Federal **discretionary spending programs**, however, would – or more appropriately, **could** – be **impacted by a shutdown, with the extent of any impacts depending largely on the duration of the lapse in appropriations**. For example, if the federal government shuts down for just a few days, many programs – including county-administered programs that receive federal appropriations either directly or through the State – are unlikely to be significantly affected. This is the result of the fact that many federal agencies likely have carryover funds (FY 23 dollars) that would allow them to operate key programs for a limited time.

Moreover, in a number of prior government shutdowns, States opted to keep most joint federal/state/local programs and services running. In most of these cases, States were subsequently reimbursed for their expenditures by Congress.

To follow is a synopsis of how the impending shutdown is expected to impact key county-related programs and policies.

Health Programs

The Department of Health and Human Services' (HHS) Centers for Medicare and Medicaid Services (CMS) has indicated that it will have sufficient funding for the Medicaid program for the first quarter of FY 2024 based on advance spending that was provided for in the FY 2023 *Consolidated Appropriations Act* (P.L. 117-328). Furthermore, CMS has stated that it will maintain the staff necessary to make payments to eligible states for the Children's Health Insurance Program (CHIP). With regard to the Health Resources and Services Administration (HRSA), the agency has indicated that it will operate the

Community Health Centers program based on carryover funding, as well as the Ryan White AIDS program.

Temporary Assistance for Needy Families Program

The authorization for the TANF program expires at the end of FY 2023. As in prior shutdowns, the continuation of the program would depend on the amount of funding a state has from its prior year allocation and any reserves it may have from past years. States may also use their maintenance of effort funds to administer the TANF program.

Foster Care

The Title IV-E Foster Care program has first quarter advance funding for FY 2024, which would extend program operations through December 31, 2023.

Mental Health and Substance Use Disorder Services

According to HHS, most Substance Abuse and Mental Health Services Administration (SAMHSA) grants awarded in the prior year will have funds that remain available to be spent by grantees, including the 988 and Behavioral Health Crisis Services program, the State Opioid Response Grant program, and the mental health and substance abuse block grants.

Nutrition Programs

The Supplemental Nutrition Assistance Program (SNAP) is funded through October 2023 and, in the event of a shutdown, a \$3 billion national reserve would extend the program for an additional week (or more) into November.

According to the U.S. Department of Agriculture (USDA), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) would only be able to provide benefits for several days in the event of a shutdown. The effect in any particular state, however, will depend upon whether the state has surplus WIC funds that it has not yet allocated.

Child Care

According to estimates released by the White House, roughly 10,000 children are expected to lose access to child care starting in October as a result of shutdown-induced disruptions to Head Start, which provides grants to child care organizations. It should be noted that the potential shutdown would exacerbate what is already expected to be a child-care crisis this fall, as Congress is not expected to renew pandemic-era funding that boosted child-care programs, which, by some estimates, could result in the closure of 70,000 child-care centers, totaling 1 in 3 nationally, starting next month.

Social Security/Medicare/SSI

As mandatory spending items, Social Security and Medicare benefits are financed from their respective trust funds and are therefore not affected by a shutdown. Supplemental Security Income (SSI) also would not be affected by a shutdown given that it is an entitlement and not subject to the appropriations process.

Housing and Community Development

The Department of Housing and Urban Development's (HUD) Office of Community Planning and Development (CPD) has signaled that it will continue to make previously unobligated FY 2023 funds available to CDBG, HOME, Continuum of Care (CoC), Housing Opportunities for Persons with HIV/AIDS (HOPWA), Homeless Assistance Grants, and other grant programs available for draw down by CPD grantees in the event of a shutdown.

In addition, HUD will make payments under previously obligated Section 8 contracts, rent supplement contracts, and other similar programs. HUD also has stated that it will work to find financial alternatives if previously obligated Section 8 or Project Assistance Rental Contract allocations are insufficient to support ongoing program operations.

Additionally, Public Housing programs will be able to draw down funds from the Line of Credit Control System (LOCCS) that had been previously obligated and which can be drawn down without further action or review by HUD employees.

Finally, HUD officials have stated that Housing Choice Voucher Program funds that were previously obligated would be disbursed at their normally scheduled time, suggesting that there would be no interruption in program operations.