

The Federal Government Shutdown and Ohio

The longer it lasts, the worse it will hurt

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More than a third of the funds in Ohio's two-year budget come from the federal government. Some state agencies – particularly those in the areas of health and human services – get more than two-thirds of their funding from federal sources.

That's why the impact of the partial shutdown of the federal government at midnight on Sept. 30 and the resulting closures and worker furloughs will be felt across Ohio if the shutdown continues. The decision to let funding authorization expire for many government activities meant that some programs were immediately impacted. But many others have a small cushion before state agencies that rely on federal funds stop providing services. If the shutdown drags past October, however, consequences for the elderly, the very young and the disabled could be harsh.

More immediate impact includes:

- **Research and development:** More than 3,000 workers are expected to be furloughed at NASA's Glenn Research Center in Cleveland.
- **Home lending:** Government-backed FHA mortgage loans are backing up due to the shutdown. The IRS and the Social Security Administration, which provide required documentation for loans, are closed, bringing mortgage lending at some institutions to a standstill. Properties in a flood zone cannot close on financing as the Federal Emergency Management Agency, which issues flood insurance, is shuttered.
- **National parks:** The Cuyahoga Valley National Park, the scenic train through the valley, parts of Wayne National Forest, and other federal parks and monuments are closed; small businesses that depend on tourist industries are getting hurt.
- **Infrastructure:** Some projects have been slowed or stopped due to lack of agency finalization or review.

The following programs have been able to continue serving Ohioans, at least for now:

- Supplemental Nutrition Assistance Program (formerly food stamps), will continue through October with funding provided under the American Recovery and Reinvestment Act;
- Certain child nutrition programs will continue into October, including School Lunch, School Breakfast, Child and Adult Care Feeding, Summer Food Service and Special Milk;

Key findings

- There are more than 75,800 federal workers in Ohio.
- 6,020 federal workers have filed claims for unemployment insurance.
- Housing markets stall as federal agencies are unable to provide documents needed for closings.
- WIC, Head Start, TANF and other critical services will feel the squeeze next month.
- New health insurance marketplace not impacted by the shutdown.

- Women, Infants and Children (WIC), which provided nutritional support to the families of half the infants born in Ohio in 2010, has resources through mid-November;
- Elderly and homebound Ohioans served by Meals on Wheels will continue to receive services;
- Medicaid has an advance appropriation equal to funding for one quarter of a year and will continue to function;
- The new health insurance exchanges opened on October 1 as previously scheduled. Funding is not dependent on the annual appropriations bills and funding from prior years is available.
- Housing and Urban Development homeless assistance grants, including supportive housing for veterans and housing for people with AIDS, will continue;
- The Ohio Department of Job and Family Services has said unemployment insurance will continue to be provided; benefits under Temporary Assistance for Needy Families has been provided for October, and child care operators will be paid in October.

The U.S. Senate and the House of Representatives each passed legislation to authorize continued funding, but the two chambers have not been able to reach a compromise on differences in the bills. Republicans in the House attached a provision delaying implementation of key provisions of the Affordable Care Act, and the Senate would not allow the resolution to be linked to policy negotiations. As a result, many parts of the federal government have been shut down, and many workers furloughed.

There are three main categories of government activities that will continue even if no continuing resolution is enacted:

- Those funded outside of the appropriations process – typically programs whose funding is provided in another statute, such as Medicare and Social Security;
- Those funded through the appropriations process but with funds that were appropriated in a prior year but available to use in 2014;
- Those dependent on 2014 appropriations but deemed essential, predominantly activities that protect life and property.

Agencies that protect national security and ensure human safety are considered essential and are exempt from the shutdown. This category includes military operations, border security, coastal protection, law enforcement, FBI, the Drug Enforcement Agency, the Secret Service, the U.S. Marshal Services, criminal investigations, counterterrorism efforts, and care of prisoners.

Federal workers have already been laid off and federally funded projects and services have been halted or closed. The impact is beginning to ripple through local economies where national parks have been shuttered at the height of tourist season. The ripples will deepen if housing markets stall and payments for groceries, infant formula and rent cease circulating in the local economy in November.

The federal shutdown is hurting federal workers on furlough right now, and will hurt more Ohio families and communities as time passes.