

The Federal Government Shutdown and Ohio

The longer it lasts, the worse it will hurt

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Many parts of the federal government shut down at midnight on September 30. More than 75,500 federal workers live and work in Ohio. Ohio has many agencies, particularly in health and human services, that get substantial funding from the federal government. The longer the shutdown goes, the harder it will hit. Ohioans who are very young, elderly or disabled will be hurt the most, along with the workers who provide them services.

Some water and sewer infrastructure projects are delayed; federal court operations may be curtailed if the shutdown lasts beyond two weeks; parks and monuments are closed. Some services remain in place: The federal coast guard remains on duty to aid Lake Erie boaters; the Cleveland-area FBI office remains fully staffed, and most federal Homeland Security employees are considered essential and remain on duty.

This issue brief provides an overview of what is protected, what is hurt and, to the extent possible, reported and expected impacts here in Ohio.

How did this happen?

Since passage of the Congressional Budget Act of 1974, budget resolutions – policy plans that establish the framework for spending – are supposed to be passed annually, generally in the spring. If a budget resolution doesn't pass, the federal government does not go dark; appropriations bills continue to allocate funding.¹

Many parts of the government rely on annual funding that is provided through the appropriations process. Congress is supposed to pass 12 appropriations bills that fund the various parts of the federal government outside of major entitlement programs. Those bills have not been enacted and the House and Senate remain far apart in their funding levels.

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.

¹See Office of Budget and Management Circular No. A-11 (2013), Section 15, "Basic Budget Laws," at www.whitehouse.gov/sites/default/files/omb/assets/a11_current_year/s15.pdf; see also Politifact Tennessee, "Bob Corker says senate has not passed a budget for more than three years," *The News Sentinel* at www.politifact.com/tennessee/statements/2012/sep/28/bob-corker/bob-corker-says-senate-has-not-passed-budget-more/. In reality, no budget bill has been passed since April 29, 2009. The federal government has been funded through short term "Continuing Resolutions" and appropriation bills.

When Congress doesn't complete appropriations bills by the end of the fiscal year, it generally passes a Continuing Resolution, which maintains funding at prior year levels for a temporary period while it works to resolve final appropriations levels. This year, no CR was passed – this meant that federal activities that depend on annual appropriations had no new resources for this fiscal year. This includes both money that is provided to states and localities or other entities to provide services as well as funding for federal agency staff and other expenses.

What shuts down and what doesn't?

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

- Activities that are funded outside of the appropriations process – typically programs whose funding is provided in another statute, such as Medicare and Social Security;
- Activities funded through the appropriations process for which funds appropriated in a prior year are available to use in 2014. This includes a small number of programs that receive “advance appropriations” – that is, they receive funds in one fiscal year that are designed to be used in the next fiscal year – and programs that receive funding in one year that can be carried over and used in a subsequent year;
- Activities that are 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, the Federal Bureau of Investigation, the Drug Enforcement Agency, the Secret Service, the U.S. Marshal Services, criminal investigations, counterterrorism efforts, and care of prisoners.² Many federal workers have been furloughed, but some have been recalled. The Department of Defense, for example, has recalled many workers. Some of the reported and anticipated impacts on selected agencies are listed below.

Employment impacts

In August of 2013, there were 75,800 federal workers in Ohio.³ The Ohio Department of Job and Family Services reports that 6,020 federal workers have applied for unemployment insurance.⁴

More than 32,500 (43 percent) of the federal workers in Ohio are employed by the military. Layoffs of these workers have largely been reversed. In Youngstown, 400 were initially furloughed from the Youngstown Air Base but have been recalled;⁵ the Ohio National Guard has called back all but nine of the 1,800 furloughed on October 1.⁶ Most of the 8,700 Wright-Patterson civilian employees among

² Tom Troy, “Delays in federal benefits, job losses among effects locally,” *Toledo Blade*, Oct. 3, 2013.

Retrieved at <http://bit.ly/19F3hR2>.

³ Ohio Department of Job and Family Services, Labor Market Information, Current Employment Statistics Query at <http://ohiolmi.com/asp/CES/CES.htm>.

⁴ E-mailed communication from the Office of Public Information at the Ohio Department of Job and Family Services, October 8, 2013.

⁵ “Furloughed Youngstown Air Base Workers protest shutdown,” *Youngstown Vindicator* at Vindy.com, Oct. 1, 2013 at <http://www.wfmj.com/story/23590181/furloughed-youngstown-air-base-workers-protest-shutdown>.

⁶ “All but nine of Ohio National Guard return to work, *10TV.com*, October 7, 2013 at <http://bit.ly/GDNLUI>.

the 350,000 Department of Defense workers sent home on emergency furlough will return to work this week, along with the majority of other military employees.⁷

Infrastructure projects

The Youngstown Vindicator reports that without the U.S. Department of Agriculture operating, the final steps in the Kinsman sewer project in Trumbull County are in limbo. The Trumbull County Sanitary Engineer's office confirmed that groundbreaking was postponed as the shutdown prevented finalization of the project with the U. S. Department of Agriculture.⁸

Payments from the Internal Revenue Service to Akron to help defray interest costs associated with bond financing could be delayed.⁹

Federally funded highway projects will continue where contracts have already been authorized.¹⁰

Federal courts

U.S. courts in Cincinnati are open for the time being, but may reassess after Oct. 15.¹¹ The Northern District estimated that funding would run out within two weeks.¹² Nationally, 40 percent of the U.S. attorney's office has been furloughed, including attorneys and staff in Columbus.¹³

Natural resources and the environment

The Cortland offices of the Natural Resource Conservation Service and Farm Service Agency are closed.¹⁴

The U.S. Forest Service has closed campgrounds and trails in the Wayne National Forest until further notice.¹⁵

The Ottawa National Wildlife refuge near Oak Harbor will be locked.¹⁶

The Cuyahoga Valley National Park will furlough 109 employees.¹⁷ The Cuyahoga Valley Scenic Railroad will also be closed and the annual Towpath Marathon could be canceled if the park doesn't re-open.¹⁸

⁷ Barrie Barber, "Wright-Patt employees to be called back to work," *Middletown Journal*, Oct. 6, 2013 at www.middletownjournal.com/categories/news/localmilitary/.

⁸ "Furloughed Youngstown Air Base Workers protest shutdown," Op.Cit.

⁹ "Here's how a federal shutdown would affect the Akron Area," *Akron Beacon Journal* at ohio.com, Sept. 27, 2013 at www.ohio.com/news/here-s-how-a-federal-shutdown-would-affect-the-akron-area-1.432153.

¹⁰ Catherine Candisky, "Shutdown won't hurt the needy, for now," *The Columbus Dispatch*, Oct. 1, 2013 at <http://bit.ly/19xMSDf>.

¹¹ Tom Troy, Op.Cit.

¹² <http://www.ohio.com/news/here-s-how-a-federal-shutdown-would-affect-the-akron-area-1.432153>.

¹³ Jim Phillips and Randy Ludlow, "Students, park visitors feel shutdown's impact on Ohio," *The Columbus Dispatch* at www.dispatch.com/content/stories/local/2013/10/01/local-shut-down.html.

¹⁴ Ibid.

¹⁵ Jim Phillips and Randy Ludlow, Op.Cit.

¹⁶ Tom Troy, Op.Cit.

¹⁷ Tim Troglin, "Cuyahoga Valley Shuts Gates and Furloughs 109 as part of shutdown," *Record Courier*, Oct. 1, 2013 at <http://bit.ly/17eaPjc>.

These closures could hurt the tourism industry at the height of the fall season in communities across the state.

Education, Universities and Research and Development

Federal allocations to schools have been paid through June 30, 2014, the end of the state fiscal year.¹⁹

Federal student loans and Pell Grants are not expected to be impacted, but research and development projects at universities may feel the pinch. For example, The Ohio State University is concerned about \$400 million in federal grant dollars and the 5,000 students, faculty and staff paid with federal dollars.²⁰

The NASA Glenn research center in Cleveland will furlough 1,664 civil servants; another 1,634 contractors also may be out of work.²¹

Health

Medicaid will continue as it has an advance appropriation equal to funding for one quarter of the year. Funding for the Children's Health Insurance Program (CHIP) will continue because its funding is provided separately from annual appropriations bills.

The new health insurance exchanges opened on Oct. 1 as previously scheduled. Funding is not dependent on the annual appropriations bills and funding from prior years is available.

In Cincinnati, public health workers assigned to the city's health department have been furloughed in the school health program and in environmental health (food inspections, lead and mold).²²

Nutrition

Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) will continue through October with funding provided under the Recovery Act.

The U. S. Department of Agriculture has said that certain child nutrition programs will continue into October including School Lunch, School Breakfast, Child and Adult Care Feeding, Summer Food Service and Special Milk.²³

Women, Infants and Children will not receive 2014 funding until a funding measure passes. States can continue to operate the program with funding they receive through infant formula rebates and a

¹⁸ Bob Downing, "Peninsula 'eerily quiet' amid Cuyahoga Valley National Park's shutdown," *Akron Beacon Journal* (ohio.com), Oct. 3, 2013 at <http://bit.ly/1aalfm2>; see also "Fate of Towpath Marathon, with 1,200 runners, in flux because of federal shutdown," ohio.com, Oct. 1, 2013 at <http://bit.ly/19f9Ent>.

¹⁹ Catherine Candisky, Op.Cit.

²⁰ Aaron Yerian, "Government Shutdown Effects Trickle Down to Ohio State," *The Lantern*, 10/3/2013.

²¹ "Employees face furloughs at NASA Glenn Research Center amid federal government shutdown," *WKYC.com*, Oct. 1, 2013 at <http://www.wkyc.com/news/national/316348/22/Government-shutdown-impacts-NASA-Glenn-Research-Center>.

²² "How Shutdown is affecting Cincinnati, NKY," *Cincinnati Enquirer* at cincinnati.com, Oct. 1, 2013 at <http://news.cincinnati.com/article/20131001/NEWS010801/310010079/How-shutdown-affecting-Cincinnati-NKY>.

²³ U. S. Department of Agriculture, Food, nutrition and consumer protection services contingency and reconstitution plan, Oct. 1, 2013 at <http://www.usda.gov/documents/usda-fns-shutdown-plan.pdf>.

limited amount of fiscal year 2013 funds. WIC is an important program: In 2010, WIC provided nutritional support to the families of half the infants born in Ohio.²⁴ Ohio will continue to fund the program with 2013 monies through the end of October. Rebates on various food items are expected to keep the program funded in Ohio through mid-November. The Ohio Department of Health, which administers the program, is working on contingency plans if the shutdown continues beyond mid-November.²⁵

Income support and other human services

Temporary Assistance for Needy Families (TANF) expired October 1, 2013, and would normally be extended with a Continuing Resolution. States will not receive any 2014 TANF funds until a Continuing Resolution is passed. States will be permitted to spend federal funds they have remaining from prior years or can use state if they have the flexibility within their state budgets to do so. TANF payments for October have gone out as regularly scheduled in Ohio.²⁶

Childcare funding is provided through both a discretionary and a mandatory program, but neither will receive 2014 funding if no Continuing Resolution is passed. States can use funds from prior years and state funds to continue the program until federal funding becomes available. A spokesperson for the ODJFS said that they expect to pay childcare providers on time and do not expect any interruption to state or federal unemployment compensation or job training programs.²⁷

Elderly and homebound Ohioans served by Meals on Wheels will continue to receive services, as virtually all of Ohio's Area Agencies on Aging operate on a calendar year and have reserves to continue operations.²⁸

Yasmina S. Vinci, executive director of the National Head Start Association, said 19,000 children from low-income families had lost or were at risk of losing services in 11 states because of the shutdown.²⁹ Barbara Haxton, executive director of the Ohio Head Start Association, said its preschool learning programs would be in jeopardy if a shutdown lasted more than two weeks.³⁰

The National Head Start Association announced yesterday that philanthropists have put forward \$10 million to help centers that may have to close in the near-term.³¹ However, a much larger number of Head Start grantees will face funding shortfalls in November and thereafter.

Employment services

Eric Seleznow, the acting assistant secretary for Employment and Training at the U.S. Department of Labor said that because a shutdown would not cause a lapse in payments for unemployment benefits,

²⁴ 2010 Annual Report of the WIC program in Ohio at <http://www.zmchd.org/pdfs/WAR.pdf>.

²⁵ Interview with Robert Jennings, Public Information, Ohio Department of Health, Oct. 4, 2013.

²⁶ E-mail from ODJFS Office of Communications dated Sept. 30, 2013.

²⁷ Catherine Candisky, Op.Cit.

²⁸ Catherine Candisky, Op.Cit.

²⁹ Adam Nagourney and Richard Perez-Pena, "[With Federal Wallet Closed, States Agonize Over Opening Their Own](#)," *New York Times*, Oct. 4, 2013.

³⁰ Associated Press, "Government shutdown furloughs thousands of federal employees," Oct. 1, 2013.

³¹ National Head Start Association, "Statement on Emergency Head Start Funding," Oct. 7, 2013 at http://www.nhsa.org/statement_on_emergency_head_start_funding.

the division that handles the program would need to continue providing services, such as ensuring transfers of money to states.³²

The shutdown will have no direct impact on the Worker Investment Act job training programs for youth and the Wagner-Peyser Employment Service Programs, aside from a lack of technical assistance from federal workers. Funding for the WIA adult and dislocated worker programs could be disrupted. Two allocations of funding are made annually for these WIA services, one on July 1 and one on October 1. The “base” allocation, obligated July 1, is in place, but the October 1 allocation, called the “advance” payment, will be on hold until federal workers return to their jobs to disburse it.

States will continue to be able to use their initial Trade Adjustment Assistance allocations but unable to access TAA funds held in reserve at the federal level. Petitions for TAA assistance may be submitted, but will not be processed. Requests for National Emergency Grants will not be processed, with the exception of those related to Federal Emergency Management Agency disaster declaration.

Housing assistance

The Department of Veterans Affairs said Thursday the federal government shutdown will not affect home loans for veterans. But government-backed Federal Housing Administration loans are backing without processing.³³ The IRS and the Social Security Administration, which provide required documentation for loans, are closed, bringing mortgage lending at many institutions is at a standstill. Many properties in a flood zone cannot close on financing as the Federal Emergency Management Agency, which issues flood insurance, is shuttered.³⁴

Families in public housing will not see immediate issues – they will continue to live in those communities and pay rent. Families receiving rental assistance will continue to receive that assistance in October. HUD’s shutdown plan indicates that it is not clear whether funding for housing vouchers would continue in November and beyond.

The Department of Housing and Urban Development has said that its homeless assistance grants, including supportive housing for veterans and for people with AIDS, will continue to be funded.³⁵

Federal funding for Ohio agencies

Table 1 on the next page shows how critical federal funding is to many Ohio agencies. Long-term impacts of the shutdown could be far-reaching, especially in health and human services, for which more than two-thirds of funding is federal. Since in Ohio many health and human services are provided at the local level, the harm to counties and cities would also be significant.

The official response of the State of Ohio on the federal shutdown comes from the Ohio Office of Budget and Management:

³² By Jim Puzzanghera, “Jobs report could be delayed by federal government shutdown,” *Los Angeles Times*, Sept. 30, 2013 at <http://lat.ms/18kp4Wc>.

³³ Jim Carney, “VA Home Loans Not Affected by Shutdown,” *Akron Beacon Journal* (ohio.com) at <http://www.ohio.com/news/va-home-loans-not-impacted-by-federal-shutdown-1.434017>.

³⁴ Carolyn Said, “Shutdown derailing mortgage lending,” 10/5/2013, SFGate at <http://www.sfgate.com/business/article/Shutdown-derailing-mortgage-lending-4872584.php>

³⁵ Contingency plan of United States Department of Housing and Urban Development at <http://bit.ly/19dHNCc>.

“OBM has been monitoring the uncertain budget situation in Washington and working with state agencies to assess potential impacts that could arise. So far, we have been able to successfully manage any short-term challenges that the uncertain federal budget situation has presented to federally funded programs. OBM will continue to work with affected state agencies to manage impacts on their programs and implement strategies to limit any impact on services. Given Ohio’s current fiscal good-health, it is our general sense that any such challenges can be successfully managed.”

-email from Jim Lynch, Special Advisor on State Budget Communications for the Ohio Office of Budget and Management, October 7, 2013

Conclusion

A shutdown that lasts just a few days will not have major consequences for most people. If it remains in place, many will be impacted and consequences will be severe.

Republicans in the U.S. House of Representatives attached a delay of the Affordable Care Act to a routine vote to fund the government. Although many Republicans are vehement in their opposition to the health law, it has been upheld in the Supreme Court and the President who championed it has been re-elected. A one-year delay of the individual mandate would raise the number of uninsured Americans by about 11 million in 2014, relative to current law, and would reduce the expected coverage gains under the ACA by nearly 85 percent, according to the Congressional Budget Office. Welding these two policy items together – funding government services and delaying health reform – is deeply harmful to the nation.

Table 1	
Share of federal dollars in Ohio’s budget for fiscal years 2014-15, by agency	
Mental Health and Addiction Services	22%
Natural Resources	22%
Agriculture	24%
Development Services Agency	31%
Developmental Disabilities	60%
Ohio Civil Rights Commission	61%
Medicaid	68%
Job and Family Services	72%
Opportunities for Ohioans with Disabilities	77%
Aging	79%
Source: Policy Matters Ohio, from Ohio LSC Budget in Detail	

Former Ohio Senator George Voinovich, in an op-ed in the *Cleveland Plain Dealer*, expressed the frustration shared by many Ohioans:

To say that we have arrived at a time where Congress is unable to pass a budget, or even a continuing resolution, disheartens and demoralizes me. It is shameful that a small group of Republicans in the House of Representatives has held hostage our country’s budget over a piece of legislation that was passed by Congress, signed by the president, and upheld by the U.S. Supreme Court. Although many, including myself who voted against the measure, do not fully agree with the Affordable Care Act, there is an acceptable political process for reform and it does not include holding our government, economy and people hostage.
-Senator George Voinovich, “Congress shouldn’t get paid after letting down the country with latest shutdown” *The Cleveland Plain Dealer*, 10/5/2015

Shutting down the government is bad for the economy and for the public, which benefits from a broad array of public services. It is also bad for Ohio and for many Ohio families.