



Report to the Chairman, Subcommittee  
on the Civil Service, Committee on Post  
Office and Civil Service, House of  
Representatives

June 1991

# GOVERNMENT SHUTDOWN

## Permanent Funding Lapse Legislation Needed



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United States  
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 Washington, D.C. 20548

General Government Division

104-1730

October 6, 1991

The Honorable Gerry Sikorski  
 Chairman, Subcommittee on the  
 Civil Service, Committee on  
 Post Office and Civil Service  
 House of Representatives

Dear Mr. Chairman:

In the absence of a continuing resolution to provide funds for fiscal year 1990, federal agencies were directed by the Office of Management and Budget (OMB) to implement plans to close down operations over the Columbus Day weekend (October 6-8, 1990). This action was the result of a continuing resolution that would have provided funding through October 12, 1990, and was a reflection of the President's dissatisfaction with progress on the fiscal year 1990 budget.

This report responds to your November 1990 request that we report the results of a questionnaire we sent to government agencies in late 1990 on effects of a partial shutdown of the government over the Columbus Day weekend and the potential effects of any future shutdowns. We summarized these results in a fact sheet to the Subcommittee. The Subcommittee recognized that much of the information was based on rough estimates because we could give agencies only 2 days to respond. If asked that we give the executive branch agencies additional time to provide actual data, where available, or more precise estimates of costs and effects.

On April 3, 1991, we briefed the Subcommittee on the results of our work. Beyond providing an update of the questionnaire results, we advised the Subcommittee of our prior recommendation to Congress concerning funding lapses and noted that the updated financial questionnaire lent further support to the need for Congress to adopt the recommendation. As requested, this report summarizes the information provided at that briefing and reiterates our prior recommendations to Congress.



Government Shutdown: Data on Effects of 1990 Columbus Day Weekend Funding Lapse (GAO-91-1730)

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## Results in Brief

The shutdown of some government operations over the Columbus Day weekend was financially counterproductive and disrupted several agencies' operations. For example, of 22 executive branch agencies reporting to us, 6 agencies estimated that they authorized about \$843,000 in compensation to employees who were regularly scheduled to work but were sent home or told not to report to work. Overall, 7 of the 22 agencies reported some shutdown costs, which totaled about \$3.4 million. Disruptions in operations included the closing of the national parks and Smithsonian museums to visitors over the holiday weekend.

Agencies reported that the costs and disruptions would have been much more severe if the government were to shut down for a comparable 3-day period during a normal workweek. For example, 6 of the 22 agencies reported that, altogether, an average of 2,900 employees each day were sent home or told not to report to work during the Columbus Day weekend. However, if a shutdown became necessary during a normal workweek, 20 of the 22 agencies estimated that, altogether, an average of 506,500 employees would be furloughed daily.

After this hypothetical 3-day workweek shutdown, Congress would probably enact legislation to pay furloughed employees for hours not worked, as it has consistently done since 1984. The total cost of such a 3-day workweek shutdown would range from about \$244.6 million to \$607.3 million, depending upon the extent to which estimates of \$362.7 million in revenue losses from 10 agencies are accurate and could be recovered.<sup>2</sup> If these employees were not paid, they would lose about \$189.2 million in salaries over the 3 days through no fault of their own.

The Columbus Day weekend shutdown was the latest response to delays in enactment of annual agency funding legislation. In the last 10 fiscal years, there have been nine appropriations funding gaps. At least four of the gaps resulted in some disruptions in government services and included some agencies sending employees home or telling them not to report to work. As a means to avoid such disruptions, we continue to support our prior recommendation that Congress enact permanent legislation that authorizes agencies to incur obligations, but not expend funds, when agency appropriations expire. Such legislation would have avoided the disruptions of the last 10 years and preserved the funding

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<sup>2</sup>Included in these estimates were \$330 million in uncollected IRS tax revenues reported by Treasury. Although we did not validate the estimates provided to us, as discussed in app. IX, we have reason to believe that the IRS lost revenue estimate is overstated and that a considerable portion could be recovered by the agency following a 3-day shutdown.

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authority and discretion of Congress. Accordingly, we are repeating the recommendation in this report.

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## Background

The Antideficiency Act (31 U.S.C. 1341) generally prohibits government officials from incurring obligations or authorizing expenditures and contracts in excess or advance of appropriations unless authorized by law. The act (31 U.S.C. 1342) also prohibits the federal government from accepting voluntary services exceeding that authorized by law except for emergencies involving the safety of human life or the protection of property.

The Attorney General has inferred from the act that agencies do have the authority to fulfill the minimal obligations connected with terminating operations. OMB has determined that certain types of activities are authorized to continue during a funding lapse, among them (1) providing for national security; (2) providing benefit payments and performing contract obligations under no-year, multiyear, or other funds remaining available for these purposes; and (3) conducting activities that protect life and property.<sup>3</sup> Although agencies may incur obligations when continuing such excepted activities, they do not have the authority to pay employee salaries or other expenses until an appropriation has been enacted.

Congress recently amended section 1342 dealing with voluntary services by stating that "the term 'emergencies involving the safety of human life or the protection of property' does not include ongoing, regular functions of government the suspension of which would not imminently threaten the safety of human life or the protection of property."<sup>4</sup> The legislative history of the amendment states that the change was meant to

"guard against what the conferees believe might be an overly broad interpretation of an opinion of the Attorney General issued on January 16, 1981, regarding the authority for the continuance of Government functions during the temporary lapse of appropriations, and affirm that the constitutional power of the purse resides with Congress."<sup>5</sup>

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<sup>3</sup>OMB Memorandum dated Nov. 17, 1981.

<sup>4</sup>Omnibus Budget Reconciliation Act of 1990, P.L. 101-508, section 13213, 104 Stat. 1388 (1990).

<sup>5</sup>H.R. Conf. Rep. No. 964, 101st Cong., 2d Sess. 1170 (1990).

To avoid improper obligations of funds during a lapse in appropriations, agencies' plans call for employee furloughs. Under federal personnel law, a "furlough" is defined as an official personnel action that places an employee in a temporary nonpay status without duties because of a lack of work or funds or other nondisciplinary reasons. Employees not engaged in excepted activities are generally considered "nonessential" employees and would be furloughed during a shutdown of the government. Table 1 shows, in descending order, the percentage of employees that would be furloughed by major executive branch departments and independent agencies during a lapse in appropriations.

**Table 1: Executive Branch Plans to Furlough Federal Employees During a Lapse in Appropriations**

Department/ agency	Last date of approved shutdown plan	Employees subject to furlough	Percent of total employees
HUD	10/05/90	13,600	100.0
SBA	10/19/90	4,659	99.9
Education	10/17/88	4,613	99.2
EPA	09/28/87	16,860	96.1
NASA	09/24/82	23,445	95.0
Smithsonian	09/26/84	5,780	89.0
OPM	10/18/90	5,893	88.8
Interior	bureau level <sup>a</sup>	60,029	84.0
Commerce	11/30/89	29,539	82.6
Treasury	bureau level <sup>a</sup>	122,886	79.8
State	10/18/90	6,932	78.0
Labor	09/30/90	13,588	74.2
HHS	10/06/90	86,770	68.2
USIA	10/04/90	1,408	67.3
Agriculture	05/04/84	73,912	67.0
GSA	06/02/86	11,722	57.7
Transportation	09/28/90	18,201	27.5
Justice	09/90 <sup>b</sup>	14,485	18.6
Veterans Affairs	10/17/86	31,303	12.8
Voice of America	10/04/90	90	4.4
Energy	09/06/85	549	3.2
Defense	none submitted <sup>c</sup>	unknown <sup>c</sup>	unknown <sup>c</sup>

<sup>a</sup>Interior and Treasury submitted plans approved by bureau heads.

<sup>b</sup>Justice submitted a summary of contingency plans of its component organizations dated September 1990.

<sup>c</sup>DOD's response to us did not include (1) any documentation of its shutdown plans or (2) estimates of employees subject to furlough during a lapse in appropriations.

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## Objective, Scope, and Methodology

To respond to the Subcommittee's request that we give agencies additional time to respond to our October questionnaire, we asked executive branch departments or agencies in early December 1990 to review their initial responses and make whatever changes or updates were appropriate no later than January 25, 1991. As also requested by the Subcommittee, we asked for information from 2 executive agencies (Agriculture and National Aeronautics and Space Administration) that did not respond to our first request, and we asked 3 additional agencies with 5,000 or more employees (from OPM data as of June 1990) to complete the original questionnaire. These were the Small Business Administration (SBA), Smithsonian, and U.S. Information Agency (USIA).

Agencies responded to our December request between December 1990 and February 1991. The first 13 appendixes of this report provide an update to the questionnaire results in the same format as our October 1990 fact sheet. The initial questionnaire was delivered to the 14 executive departments and 4 judgmentally selected independent agencies with more than 5,000 full-time employees. Each of the appendixes gives a detailed summary of major changes made to the October results, thus presenting a clear "crosswalk" between the results of our initial and follow-up work. In addition, Appendix XIV summarizes the major differences in cost estimates between the initial and updated questionnaire results.

By February 22, 1991, we received updated or new responses from 22 executive branch departments and agencies: 16 were updates of initial questionnaire responses; 2 were from Agriculture and NASA, which did not respond to the initial questionnaire; and 4 were first-time questionnaire responses from SBA, Smithsonian, USIA, and the Voice of America (VOA). VOA sent us a separate response to our request of USIA. To facilitate description of the 22 responses in the appendixes, we considered the responses of the initial 16 executive agencies as "updated" responses and considered all other responses as "new" responses. Appendix XV summarizes key questionnaire results as reflected in the agencies' latest responses and detailed in the other appendixes. The results reported for the funding lapse that occurred over Columbus Day weekend are contrasted to comparable results for a hypothetical 3-day period during a normal workweek.

In assessing the financial impact of the Columbus Day weekend shutdown and a hypothetical 3-day shutdown during a normal workweek, we considered as costs agency estimates of lost revenues, administrative costs, and salary costs of nonessential employees for any hours worked

during the shutdown. These salaries were considered costs because, under OMB guidance, such nonessential employees are authorized to perform only activities related to the orderly suspension or termination of operations. After the Columbus Day weekend shutdown, legislation was enacted that authorized agencies to compensate employees for hours they were furloughed, thus, we considered agency estimates of such salaries a cost in updating estimates of the holiday shutdown. We considered the salaries of nonessential employees estimated to be furloughed during a hypothetical 3-day shutdown in a normal workweek as savings. If these employees were eventually reimbursed, as was done for employees over the Columbus Day weekend, the amount of reimbursement would have to be considered a cost.

While we gave agencies additional time to provide actual data or more precise estimates, much of the data are based on estimates by agency officials and should still be considered as a rough estimate of the magnitude of the costs and effects of agencies shutting down because of delays in enactment of funding legislation. In some cases, agencies still did not complete all parts of the questionnaire or were not able to provide information for the entire department or agency. We did not verify the accuracy of the information reported to us by the agencies, and we did not validate the methodology they used to make estimates. However, we did not accept all of the estimates unconditionally. For example, we questioned the validity of Treasury's lost revenue estimate (see app. IX) and dropped some other revenue loss estimates when other information in the submission to us indicated they were erroneously made (see app. III and app. IX).

We relied upon information from the Congressional Research Service to summarize recent periods of appropriations funding gaps. Our prior work concerning funding lapses, coupled with our recent questionnaire results, formed the basis for our conclusions and recommendations. Accordingly, we did not seek agency comments on this report.

Our work was done in accordance with generally accepted government auditing standards.

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## Need for Permanent Funding Lapse Legislation

The Columbus Day weekend shutdown had significant adverse effects. Overall, 7 of 22 agencies surveyed reported shutting down some operations at a total cost of about \$3.4 million. This amount consisted of (1) lost revenue (\$1.4 million or 42 percent); (2) administrative costs for things such as developing shutdown plans and processing personnel

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actions (\$1 million or 30 percent); (3) compensation for the time nonessential employees did not work but were later authorized to be paid (\$843,000 or 25 percent); and (4) salaries of nonessential employees for time spent at work devoted to the orderly suspension or termination of operations (\$124,500 or 4 percent). The greatest disruption in government operations appeared to occur in the Department of the Interior and the Smithsonian. Interior reported its national parks and visitor centers were closed, and the Smithsonian reported that its museums were closed. Other types of adverse impact that agencies reported were lowered employee morale and productivity in planning for furloughs and/or an agency shutdown, inequities in the treatment or payment of agency employees scheduled to work during the holiday period, and an adverse effect on agency recruitment efforts.

If the government had to shut down for a comparable 3-day period during a normal workweek, the agencies reported that the costs and disruptions would have been much more severe. For example, 6 of the 22 agencies reported a total of about \$1 million in administrative costs for the Columbus Day weekend shutdown; but, 15 agencies estimated such costs at about \$12.8 million for a 3-day shutdown during a normal workweek. Appendix XV contrasts key results reported for the funding lapse that occurred over the Columbus Day weekend to comparable results for a hypothetical 3-day shutdown during a normal workweek.

The problems of funding gaps are not new. In March 1981, we completed a study of the shutdown issue that, among other things, analyzed a funding hiatus that occurred during fiscal years 1980 and 1981 and provided a historical analysis of the problem.<sup>6</sup> Later, in December 1981 we reported on a partial shutdown of government offices ordered by the President as a result of an impasse over a fiscal year 1982 continuing resolution.<sup>7</sup> Since fiscal year 1982, there have been nine periods when appropriations funding gaps of 1 to 3 days have occurred, as shown in table 2.

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<sup>6</sup>Funding Gaps Jeopardize Federal Government Operations (PAD-81-31, Mar. 3, 1981).

<sup>7</sup>Cost to the Government of the Recent Partial Shutdown of Government Offices (PAD-82-24, Dec. 10, 1981).

**Table 2: Appropriations Funding Gaps From October 1981 Through October 1990**

<b>Fiscal year</b>	<b>Date gap started<sup>a</sup></b>	<b>Full day(s) of gaps</b>	<b>Date gap ended<sup>b</sup></b>
1982	Friday, 11/20/81	Saturday, Sunday	Monday, 11/23/81
1983	Thursday, 9/30/82 Friday, 12/17/82	Friday Saturday, Sunday, Monday	Saturday, 10/02/82 Tuesday, 12/21/82
1984	Thursday, 11/10/83	Friday, Saturday, Sunday	Monday, 11/14/83
1985	Sunday, 9/30/84 Wednesday, 10/03/84	Monday, Tuesday Thursday	Wednesday, 10/03/84 Friday, 10/05/84
1987	Thursday, 10/16/86	Friday	Saturday, 10/18/86
1988	Friday, 12/18/87	Saturday	Sunday, 12/20/87
1991	Friday, 10/05/90	Saturday, Sunday, Monday	Tuesday, 10/09/90

<sup>a</sup>Gap began at midnight of date indicated.

<sup>b</sup>Gap terminated during the date indicated because of enactment of a full-year continuing resolution or another short-term continuing resolution.

Source: Congressional Research Service.

Prior to 1980, agencies had continued to operate and incur obligations for necessary operations pending approval of a continuing resolution or an appropriations act. While recognizing that this was a violation of the Antideficiency Act, agencies also believed that Congress did not intend that they close down while waiting for new appropriations authority. An opinion of the Comptroller General (March 3, 1980) supported this interpretation, noting that Congress had retroactively approved obligations incurred during gaps in funding. However, opinions of the Attorney General of April 25, 1980, and January 16, 1981, generally concluded that the Antideficiency Act precluded agencies from continuing to incur obligations in the absence of appropriations, and an agency whose appropriations had expired had no general authority to employ the services of their employees.

Our March 1981 report reviewed how the Attorney General's strict interpretation of the Antideficiency Act, coupled with a threat to enforce criminal penalties in cases of future willful violations by federal officials, caused significant confusion and disruption of government operations during a lapse in appropriations at the start of fiscal year 1981. After developing criteria to evaluate approaches to the problem of funding gaps, we recommended that Congress enact permanent legislation to allow all agencies to incur obligations, but not expend funds, when appropriations expire. Exceptions would be applicable only where program authorization has expired or Congress has expressly stated that a program should be suspended during a funding hiatus pending

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further legislative action. Congress, however, has not yet acted to provide agencies authority to obligate funds during a lapse in appropriations, as we recommended.<sup>8</sup>

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## Conclusions

The Columbus Day weekend shutdown had significant adverse effects and did not convey to the public an image of a well-managed government. On the basis of responses from 22 executive branch agencies, the shutdown cost the taxpayers an estimated \$3.4 million, disrupted government operations, and adversely affected employee morale. Agencies also reported that the costs and disruptions would have been much more severe if the government were to shut down for a comparable 3-day period during a normal workweek.

There have been nine appropriations funding gaps in the last 10 years and at least four of these gaps resulted in some disruption of government services, which included some agencies sending employees home or telling them not to report to work. At the time of these personnel actions, the employees were reported as being furloughed by their agencies; however, beginning in 1984 Congress subsequently enacted legislation to retroactively pay furloughed federal employees following funding gaps. Thus, some of these shutdowns were clearly counterproductive because the employees were paid for time not worked.

In our opinion, shutting down the government during temporary funding gaps is an inappropriate way to encourage compromise on the budget. Beyond being counterproductive from a financial standpoint, a shutdown disrupts government services. In addition, forcing agency managers to choose who will and will not be furloughed during these temporary funding lapses severely tests agency management's ability to treat its employees fairly. While agencies estimated that over 500,000 federal employees would be subject to a furlough during the first day of a normal workweek, the vast majority of federal employees would not be subject to furloughs under a wide variety of exemptions.

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<sup>8</sup>As we were preparing this report, a bill was introduced in the House (H.R. 804, 102nd Cong.) to provide new authority for an automatic continuing resolution that, although broader in scope than our recommendation, is aimed at preventing government shutdowns. The bill proposes to provide agencies continuing authority to incur obligations and make expenditures during a funding lapse, whereas our recommendation would limit agencies to incurring obligations, with no authority to expend until new appropriation authority is granted.

To address the problem of temporary funding lapses, we continue to support our March 1981 recommendation that Congress enact permanent legislation that would authorize agencies to incur obligations, but not expend funds, when agency appropriations expire. Such legislation would have avoided the disruptions of the last 10 years and preserved the funding authority and discretion of Congress. Such legislation would also provide an across-the-board automatic approach and require no annual action by Congress. It would not allow agencies to pay employee, contractor, or other expenses until an appropriation is enacted. Thus, the legislation would still provide considerable incentive to pass some form of appropriations measure within a short period of time. Further, it would eliminate the uncertainty of whether employees should report to work if appropriations have not been enacted.

While we believe the above recommendation would resolve the immediate crisis of agency shutdowns when appropriations expire, Congress has not yet acted upon it. Given that Congress began in the 1980s to enact special legislation annually to retroactively pay federal employees furloughed during funding gaps, we believe Congress should, at a minimum, enact permanent legislation to allow agencies to incur an obligation to compensate employees during temporary funding lapses, but not pay them until an appropriation bill is passed. Because this action would be limited to employee compensation it would not provide a comprehensive solution to the problem. Nonetheless, such legislation should help avoid many of the adverse effects of future temporary funding lapses.

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## Recommendations to Congress

We recommend that Congress enact permanent legislation that authorizes agencies to incur obligations, but not expend funds, when agency appropriations expire. The only exception Congress should grant is when program authorization has expired or Congress has expressly stated that a program should be suspended during a funding hiatus pending further legislative action. (Appendix XVI contains specific legislative language for implementing this recommendation.)

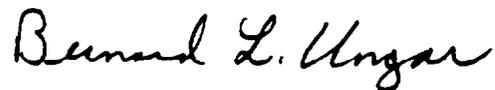
If Congress views the above recommendation as too broad or as unacceptable for any other reason, we recommend that Congress, at a minimum, enact permanent legislation to allow agencies to incur obligations to compensate employees during temporary funding lapses but not pay them until an appropriation bill is passed.

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As arranged with the Subcommittee, we plan no further distribution of this report until 30 days from its issue date unless you release its contents earlier. At that time, we will send it to the Directors of OMB and OPM and make copies available to other interested parties upon request.

John Tavares, Project Manager, Federal Human Resource Management Issues, was the principal contributor to this report. Please contact me on (202) 275-5074 if you have any questions concerning the report.

Sincerely yours,



Bernard L. Ungar  
Director, Federal Human  
Resource Management Issues

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Shutdown During 3  
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**Abbreviations**

DOD	Department of Defense
DOT	Department of Transportation
EPA	Environmental Protection Agency
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
NASA	National Aeronautics and Space Administration
OMB	Office of Management and Budget
OPM	Office of Personnel Management
SBA	Small Business Administration
USIA	United States Information Agency
VA	Department of Veterans Affairs
VOA	Voice of America



# Status of Department/Agency Shutdown During the Columbus Holiday Weekend

**Table I.1: Agency Shutdown Status**

No agency shutdown	Partial agency shutdown	Complete shutdown
Agriculture	Energy	Environmental Protection Agency
Commerce	Health and Human Services	Housing and Urban Development
Defense	Interior	Labor
Education	Smithsonian	Office of Personnel Management
General Services Administration	State	
Justice		
National Aeronautics and Space Administration		
Small Business Administration		
Transportation		
Treasury		
United States Information Agency		
Veterans Affairs		
Voice of America		

Source: Agency responses to GAO questionnaire.

## Listing of Agency Shutdown Status

We asked agencies whether they had shut down, in whole or part, any of their operations during the Columbus holiday weekend, October 6-8, because of the delay in enactment of agency funding legislation.

1. October responses: Eight executive agencies reported no shutdown, four reported partial agency shutdown, and four reported complete agency shutdown.
2. Updated responses: No changes in shutdown status.
3. New responses: Agriculture, NASA, SBA, USIA, and VOA reported no agency shutdown. The Smithsonian reported a partial agency shutdown.
4. Net effect: The number of executive agencies reporting no shutdown over the Columbus holiday weekend increased from 8 to 13 and the number reporting partial shutdown increased from 4 to 5.
5. Clarifying comments: While HUD reported a complete shutdown, HUD's Inspector General reported that it did not shut down during the weekend.

# Number of Employees Sent Home or Told Not to Report to Work During the Columbus Holiday Weekend

Table II.1: Number of Employees

Department/agency	Oct. 6	Oct. 7	Oct. 8
Agriculture	0	0	0
Commerce	0	0	0
Defense	0	0	0
Education	0	0	0
Energy	0	0	0
EPA	3	1	0
GSA	0	0	0
HHS	3	3	0
HUD	0	0	0
Interior	2,826	2,870	2,779
Justice	0	0	0
Labor	1	0	0
NASA	0	0	0
OPM	4	0	0
SBA	0	0	0
Smithsonian	118	62	68
State	0	0	0
Transportation	0	0	0
Treasury	0	0	0
USIA	0	0	0
Veterans Affairs	0	0	0
Voice of America	0	0	0
<b>Total</b>	<b>2,955</b>	<b>2,936</b>	<b>2,847</b>

Source: Agency responses to GAO questionnaire.

## Number of Employees Sent Home or Told Not to Report to Work

We asked for the total number of agency employees who were scheduled to work each of the 3 days over the holiday weekend but were sent home or told not to report to work.

**Appendix II  
 Number of Employees Sent Home or Told Not  
 to Report to Work During the Columbus  
 Holiday Weekend**

1. October responses: Five agencies reported as follows:

	Number of employees		
	Oct. 6	Oct. 7	Oct. 8
EPA	3	1	0
HHS	3	3	3
Interior	2,826	2,870	2,779
Labor	1	0	0
OPM	4	0	0
<b>Total</b>	<b>2,837</b>	<b>2,874</b>	<b>2,782</b>

2. Updated response: HHS requested that the three employees they initially reported for October 8 be changed to zero (0).

3. New response: The Smithsonian reported the following additional employees.

	Number of employees		
	Oct. 6	Oct. 7	Oct. 8
Smithsonian	118	62	68

4. Net effect:

	Number of employees			
	Oct. 6	Oct. 7	Oct. 8	Average
Revised total (6 agencies)	2,955	2,936	2,847	2,913

# Net Cost of the Shutdown During the Columbus Holiday Weekend

Table III.1: Net Cost

Department/agency	Lost revenue	Administrative costs (App. IV)	Salaries for hours worked (App. V)	Salaries for hours not worked (App. V)	Total
Agriculture	NA	NA	NA	NA	NA
Commerce	NA	NA	NA	NA	NA
Defense	NA	NA	NA	NA	NA
Education	NA	NA	NA	NA	NA
Energy	0	\$395,000	NA	NA	\$395,000
EPA	0	0	\$42	\$282	\$324
GSA	NA	NA	NA	NA	NA
HHS	NA	200	0	716	916
HUD	NA	NA	NA	NA	NA
Interior	\$802,600	214,700	122,086	823,763	1,963,149
Justice	NA	NA	NA	NA	NA
Labor	NA	341,000	NA	69	341,069
NASA	NA	NA	NA	NA	NA
OPM	NA	1,500	0	375	1,875
SBA	NA	NA	NA	NA	NA
Smithsonian	615,000	50,000	2,419	17,917	685,336
State	NA	NA	NA	NA	NA
Transportation	NA	NA	NA	NA	NA
Treasury	NA	NA	NA	NA	NA
USIA	NA	NA	NA	NA	NA
Veterans Affairs	NA	NA	NA	NA	NA
Voice of America	NA	NA	NA	NA	NA
<b>Total</b>	<b>\$1,417,600</b>	<b>\$1,002,400</b>	<b>\$124,547</b>	<b>\$843,122</b>	<b>\$3,387,669</b>

Note: NA means that the agency or department either (1) failed to respond to a particular question, (2) responded by writing "unknown" or "unable to estimate," or (3) gave some other response that was not a quantity.

Source: Agency responses to GAO questionnaire.

## Net Cost of the Shutdown

We estimated the net cost of the shutdown from summary data on the administrative costs of the shutdown (see app. IV) and salary costs/savings (see app. V), along with estimates of lost revenue (see below).

1. October responses: On the basis of data from 7 of 16 executive agencies completing our initial questionnaire, the net cost of the shutdown in the executive branch was estimated at \$1,661,561.

**Appendix III**  
**Net Cost of the Shutdown During the**  
**Columbus Holiday Weekend**

2. Updated responses: Upon further review of their initial and updated responses, we dropped the Department of State's and EPA's estimate of lost revenue of \$650,000 and \$324, respectively. State initially reported lost revenue from closure of passport offices, but in its update it stated that no revenue was lost over the Columbus Day weekend and that the \$650,000 was a projected loss of revenue if the passport offices were to shut down. EPA initially reported an estimate of the salaries lost by four furloughed employees as a lost revenue, which we do not consider as a revenue loss to the agency. Updates to other agency estimates applicable to calculation of net shutdown costs are discussed in the following sections on administrative costs and salary costs/savings.

3. New responses: The Smithsonian reported \$615,000 in lost revenues.

4. Net effect: The net cost of the shutdown in the executive branch increased by \$1,726,108 (104 percent) to \$3,387,669. Of 22 executive branch departments or agencies surveyed, 7 departments or agencies accounted for this estimate, as follows:

	<b>Cost</b>	<b>Percent</b>
Interior	\$1,963,149	57.9
Smithsonian	685,336	20.2
Energy	395,000	11.7
Labor	341,069	10.1
OPM	1,875	<0.1
HHS	916	<0.1
EPA	324	<0.1
<b>Total</b>	<b>\$3,387,669</b>	<b>100.0</b>

5. Clarifying comments: See clarifying comments in the following sections on administrative costs and salary costs/savings for important additional qualifications on major components of this net cost estimate.

# Administrative Costs of the Shutdown During the Columbus Holiday Weekend

Table IV.1: Administrative Costs

Department/agency	Developing shutdown plan	Personnel action processing	Discounts/payments lost	Contractual delays	Other	Total
Agriculture	0	0	0	0	0	0
Commerce	0	0	0	0	0	0
Defense	0	0	0	0	0	0
Education	0	0	0	0	0	0
Energy	\$395,000 <sup>a</sup>	0	0	0	0	\$395,000
EPA	0	0	0	0	0	0
GSA	0	0	0	0	0	0
HHS	100	\$100	0	0	0	200
HUD	0	0	0	0	0	0
Interior	204,700	10,000	0	0	0	214,700
Justice	0	0	0	0	0	0
Labor	300,000	1,000	0	\$40,000	0	341,000
NASA	NA	NA	NA	NA	NA	NA
OPM	1,500	0	0	0	0	1,500
SBA	0	0	0	0	0	0
Smithsonian	50,000	NA	0	0	NA	50,000
State	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Treasury	0	0	0	0	0	0
USIA	0	0	0	0	0	0
Veterans Affairs	0	0	0	0	0	0
VOA	0	0	0	0	0	0
<b>Total</b>	<b>\$951,300</b>	<b>\$11,100</b>	<b>0</b>	<b>\$40,000</b>	<b>0</b>	<b>\$1,002,400</b>

Note: NA means that the agency or department either (1) failed to respond to a particular question, (2) responded by writing "unknown" or "unable to estimate," or (3) gave some other response that was not a quantity.

<sup>a</sup>Reflects cost of preparing for various funding contingencies, including shutdown costs.

Source: Agency responses to GAO questionnaire.

## Administrative Costs of the Shutdown

We asked agencies to estimate the dollar amounts of administrative costs associated with the shutdown. Specifically, we asked the agencies to consider the costs of (1) developing contingency shutdown plans and designating and notifying employees, (2) processing additional personnel or payroll actions, (3) lost discounts and payment penalties, and (4) contractual delays.

**Appendix IV  
Administrative Costs of the Shutdown During  
the Columbus Holiday Weekend**

1. October responses: No agencies reported costs for lost discounts and payment penalties or for contractual delays. In the other two cost categories, five agencies reported as follows:

	<b>Developing shutdown plan</b>	<b>Personnel action processing</b>	<b>Total</b>
Energy	\$395,000	\$0	\$395,000
HHS	100	100	200
Interior	204,700	10,000	214,700
Labor	300,000	597	300,597
OPM	1,500	0	1,500
<b>Total</b>	<b>\$901,300</b>	<b>\$10,697</b>	<b>\$911,997</b>

2. Updated responses: Labor reported \$40,000 for contractual delays and an additional \$403 in personnel action processing costs.

3. New responses: The Smithsonian reported \$50,000 in costs for developing contingency plans and designating and notifying employees.

4. Net effect: Total administrative costs increased by \$90,403 (9.9 percent) to \$1,002,400. This increase was due primarily to \$50,000 in costs for developing a contingency plan reported by the Smithsonian and \$40,000 in contractual delays reported by Labor.

5. Clarifying comments: Energy noted that its \$395,000 cost figure reflected the cost of preparing for various contingencies, including shutdown planning.

# Reported Daily Salary Costs During the Columbus Holiday Weekend

**Table V.1: Reported Daily Salary Costs**

Department/agency	Salaries for hours worked by nonessential employees				Salaries for hours not worked by nonessential employees			
	Oct. 6	Oct. 7	Oct. 8	Total	Oct. 6	Oct. 7	Oct. 8	Total
Agriculture	NA	NA	NA	NA	NA	NA	NA	NA
Commerce	NA	NA	NA	NA	NA	NA	NA	NA
Defense	NA	NA	NA	NA	NA	NA	NA	NA
Education	NA	NA	NA	NA	NA	NA	NA	NA
Energy	NA	NA	NA	NA	NA	NA	NA	NA
EPA	\$42	0	0	\$42	\$126	\$156	0	\$282
GSA	NA	NA	NA	NA	NA	NA	NA	NA
HHS	0	0	0	0	358	358	0	716
HUD	0	0	0	0	0	0	0	0
Interior	116,226	\$3,145	\$2,715	122,086	206,905	314,764	\$302,094	823,763
Justice	NA	NA	NA	NA	NA	NA	NA	NA
Labor	0	0	0	0	69	0	0	69
NASA	NA	NA	NA	NA	NA	NA	NA	NA
OPM	0	0	0	0	375	0	0	375
SBA	NA	NA	NA	NA	NA	NA	NA	NA
Smithsonian	2,419	0	0	2,419	7,257	5,084	5,576	17,917
State	NA	NA	NA	NA	NA	NA	NA	NA
Transportation	NA	NA	NA	NA	NA	NA	NA	NA
Treasury	NA	NA	NA	NA	NA	NA	NA	NA
USIA	NA	NA	NA	NA	NA	NA	NA	NA
Veterans Affairs	NA	NA	NA	NA	NA	NA	NA	NA
Voice of America	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>\$118,687</b>	<b>\$3,145</b>	<b>\$2,715</b>	<b>\$124,547</b>	<b>\$215,090</b>	<b>\$320,362</b>	<b>\$307,670</b>	<b>\$843,122</b>

Note: NA means that the agency or department either (1) failed to respond to a particular question, (2) responded by writing "unknown" or "unable to estimate," or (3) gave some other response that was not a quantity.

Source: Agency responses to GAO questionnaire.

## Reported Salary Cost/ Savings

We asked agencies to estimate the salaries/wages of nonessential employees for regularly scheduled hours that they worked and did not work during the Columbus holiday weekend. At the time of our October 1990 fact sheet, we considered the salaries for hours worked by nonessential employees as a cost of the shutdown because, under OMB guidance, nonessential employees are authorized to perform only activities related to the orderly suspension or termination of operations, and they are not to perform routine activities. We also considered the salaries of nonessential employees for hours not worked as assumed savings at the

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**Appendix V**  
**Reported Daily Salary Costs During the**  
**Columbus Holiday Weekend**

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time of our October 1990 fact sheet. We now consider these latter salaries a cost because legislation was subsequently enacted that authorized agencies to pay these employees their standard rate of compensation. In December we asked the agencies to report (or estimate) the amount of actual compensation the agency provided or will provide those employees who were sent home or told not to come to work because of a lack of agency appropriations.

1. October responses: Interior and EPA reported salary costs of \$122,086 and \$42, respectively, for hours worked by nonessential employees during the holiday weekend. While five agencies reported \$825,488 in assumed salary savings for hours not worked by nonessential employees, Interior accounted for \$823,763 (or 99.8 percent) of the total.
2. Updated responses: HHS and OPM reported minor changes in the amounts of employee salaries for hours not worked.
3. New responses: The Smithsonian reported \$2,419 in salaries for hours nonessential employees worked and \$17,917 in salaries for regularly scheduled hours nonessential employees did not work during the holiday weekend.
4. Net effect: Salary costs increased to \$967,669, consisting of \$124,547 in salaries for hours worked by nonessential employees and \$843,122 in salaries for hours not worked. Assumed salary savings from the holiday shutdown decreased from \$825,488 to none.
5. Clarifying comments: Citing the legislation that authorized payment of furloughed employees for lost wages, Interior asked that we change its initial estimate of \$823,763 for salaries for hours not worked to zero. However, we now treat Interior's estimate, as well as other similar agency estimates, as a cost of the shutdown because such salaries were authorized to be paid under this legislation.

# Reported Types and Extent of Adverse Effects From Shutdown During the Columbus Holiday Weekend

**Table VI.1: Adverse Effects Reported**

Department/agency	Extent of employee productivity losses	Extent of negative recruitment effects	Employee inequities	Negative program effects	Other adverse effects
Agriculture	Great	Little/no	No	No	No
Commerce	Little/no	Some	No	No	No
Defense	No	No	No	No	No
Education	Some	Little/no	No	No	Yes
Energy	Little/no	Some	Yes	No	Yes
EPA	Moderate	Don't know	Yes	Yes	Yes
GSA	Little/no	Some	No	No	No
HHS	Little/no	Little/no	No	No	Yes
HUD	Little/no	Little/no	No	No	No
Interior	Some	Little/no	Yes	Yes	Yes
Justice	Little/no	Moderate	No	No	Yes
Labor	Little/no	Some	No	No	Yes
NASA	Little/no	Little/no	No	No	No
OPM	Little/no	Little/no	No	No	No
SBA	NA	NA	NA	NA	NA
Smithsonian	Some	Little/no	Yes	Yes	Yes
State	Very great	Very great	No	No	Yes
Transportation	Little/no	Little/no	No	No	No
Treasury	Little/no	Some	No	No	Yes
USIA	NA	Little/no	No	No	NA
VA	Little/no	Little/no	No	No	No
VOA	Little/no	Little/no	NA	NA	NA

Note: NA means that the agency or department either (1) failed to respond to a particular question, (2) responded by writing "unknown" or "unable to estimate," or (3) gave some other response that was not a quantity.

Source: Agency responses to GAO questionnaire.

## Reported Types and Extent of Adverse Effects

We asked agencies whether certain types of adverse effects occurred during the Columbus holiday weekend as a result of the delay in enactment of funding legislation. Types of possible effects we listed were (1) employee productivity losses, (2) negative recruitment effects, (3) inequities in the treatment or payment of employees, (4) negative program effects, and (5) any other adverse effects.

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**Appendix VI  
Reported Types and Extent of Adverse  
Effects From Shutdown During the Columbus  
Holiday Weekend**

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1. October responses: Of 16 executive branch agencies, 5 reported at least some employee productivity losses, 7 reported at least some negative recruitment effects, 4 reported employee inequities occurred, 3 reported negative program effects, and 9 reported other adverse effects.
2. Updated responses: In updating its initial response, Treasury consolidated the responses of its bureaus into a single departmentwide response that changed most of its initial responses. Our October report presented the range of responses from individual Treasury bureaus because Treasury did not have time to consolidate them at that time.
3. New responses: Additional responses were received from six agencies (Agriculture, NASA, SBA, Smithsonian, USIA, and Voice of America) as shown in Table VI.1.
4. Net effect: Of 22 executive branch agencies, 6 reported at least some employee productivity losses, 7 reported at least some negative recruitment effects, 4 reported employee inequities occurred, 3 reported negative program effects, and 10 reported other adverse effects occurred.
5. Clarifying comments: See next section for narrative examples.

# Narrative Examples of Adverse Effects

1. October responses: We provided narrative examples of adverse effects from 10 executive branch agency submissions.
2. Updated responses: None of the agencies responding in October updated narrative of adverse effects or provided new examples.
3. New responses: Two agencies provided new examples.

Department of Agriculture: While no USDA employees were furloughed, USDA agencies suffered productivity declines because of time wasted by employees worrying and talking about a possible shutdown. Headquarters personnel and budget staffs' time was diverted to preparing shut-down instructions, issuing notices, and answering employees' questions from all over the country. Time was also spent answering questions from Congress and the media.

Smithsonian: There was loss of administrative staff productivity in the days prior to the weekend because of time devoted to planning for the shutdown. Staff morale suffered to some degree because of the continuing concern over furloughs. Employees scheduled to work the holiday weekend who were released early or told not to report because of the lapse in appropriations ultimately were paid for the hours they lost, thus creating an inequity with those employees who actually worked and got paid.

The most significant program affected was the number of local residents and visitors to the Nation's Capital who could not visit the Smithsonian museums. On the basis of the number of persons who visited over the comparable weekend in 1989, the number of prospective visitors is estimated at 328,000. In addition, the Institution lost approximately \$479,000 in sales to the public, \$145,000 of which would have been net income available for support of programs.

4. Clarifying comments: As an attachment to Interior's initial response, the National Park Service included many articles from local newspapers or governmental officials (totalling 37 pages) that discussed adverse effects of the closing of parks and visitor centers across the country. For example, a letter from the board of commissioners from a North Carolina county complained that the ". . . recent closure of Hatteras Island beach access area has been devastating. . . . Closing our beaches even temporarily will have the effect of closing many businesses permanently—and unnecessarily."

# Estimated Number of Employees to Be Furloughed During a Shutdown of 3 Consecutive Nonholiday Weekdays

**Table VIII.1: Furloughed Employees Estimates**

Department/agency	Monday	Tuesday	Wednesday
Agriculture	70,000	73,912	73,912
Commerce	1,294	1,294	1,294
Defense	NA	NA	NA
Education	4,648	4,648	4,648
Energy	549 <sup>a</sup>	549 <sup>a</sup>	549 <sup>a</sup>
EPA	16,860	16,860	16,860
GSA	11,722	11,722	11,722
HHS	86,770	86,770	86,770
HUD	13,700	13,700	13,700
Interior	64,425	49,679	64,493
Justice	17,544	17,544	17,544
Labor	13,588	13,588	13,588
NASA	24,647	24,647	24,647
OPM	5,744	5,879	5,893
SBA	4,660	4,660	4,660
Smithsonian	NA	NA	NA
State	6,932	6,932	6,932
Transportation	18,000	18,000	18,000
Treasury	121,327	122,808	122,886
USIA	1,675	1,675	1,675
Veterans Affairs	17,803	21,303	31,303
Voice of America	90	90	90
<b>Total</b>	<b>501,978</b>	<b>496,260</b>	<b>521,166</b>

Note: NA means that the agency or department either (1) failed to respond to a particular question, (2) responded by writing "unknown" or "unable to estimate," or (3) gave some other response that was not a quantity.

<sup>a</sup>Reflects only those employees who are paid from annual appropriations according to the Department of Energy.

Source: Agency responses to GAO questionnaire.

## Number of Employees to Be Furloughed During Hypothetical 3-Day Shutdown

We asked agencies to estimate the number of employees that would be furloughed each day during a hypothetical shutdown.

1. October responses: Fifteen agencies reported the following number of furloughs:

	Number of employees		
	Monday	Tuesday	Wednesday
<b>Total</b>	399,657	388,785	413,690

**Appendix VIII  
 Estimated Number of Employees to Be  
 Furloughed During a Shutdown of 3  
 Consecutive Nonholiday Weekdays**

DOD did not make an estimate. DOD said the effects cannot be determined except during an actual shutdown.

2. Updated responses: The Departments of State and Treasury revised their estimates of the number of employees to be furloughed each day. State emphasized that its estimate represented a one-time snapshot of the Department's population of essential and nonessential employees.

3. New responses: Six agencies reported the following employees would be furloughed:

	Number of employees		
	Monday	Tuesday	Wednesday
Agriculture	70,000	73,912	73,912
NASA	24,647	24,647	24,647
SBA	4,660	4,660	4,660
USIA	1,675	1,675	1,675
VOA	90	90	90

4. Net effect: On the basis of estimates from 20 agencies, the total number of employees to be furloughed increased each day by an average of about 26 percent to the following:

	Number of employees			
	Monday	Tuesday	Wednesday	Average
<b>Total</b>	501,978	496,260	521,166	506,468

# Estimated Costs/Savings of a Hypothetical Shutdown During 3 Consecutive Nonholiday Weekdays

**Table IX.1: Costs/Savings Estimates**

Department/agency	Agency costs			Total	Assumed savings	Net Saving/ (cost)
	Lost revenue	Administrative cost (App. X)	Estimated salaries for hours worked <sup>a</sup> (App. XI)		Estimated salaries for hours not worked <sup>a,b</sup>	
Agriculture	\$10,000,000	\$41,600	\$3,600,000	\$13,641,600	\$18,800,000	\$5,158,400
Commerce	0	2,100,000	74,695	2,174,695	522,861	(1,651,834)
Defense	NA	NA	NA	NA	NA	NA
Education	2,500,000	3,513,600	26,343	6,039,943	2,439,564	(3,600,379)
Energy	0	18,000	40,000	58,000	281,000	223,000
EPA	0	100,000	0	100,000	6,900,000	6,800,000
GSA	NA	NA	764,861	764,861	5,353,672	4,588,811
HHS	0	30,000	18,286,000	18,316,000	26,864,000	8,548,000
HUD	21,000	NA	600,000	621,000	4,200,000	3,579,000
Interior	778,476	3,909,087	3,789,914	8,477,477	19,774,479	11,297,002
Justice	3,849,000	1,179,675	2,221,671	7,250,346	15,199,382	7,949,036
Labor	400,000	405,240	0	805,240	6,390,000	5,584,760
NASA	0	512,000	0	512,000	12,900,000	12,388,000
OPM	123,308	37,500	770,000	930,808	1,893,000	962,192
SBA	14,400,000	529,300	1,350	14,930,650	2,412,000	(12,518,650)
Smithsonian	NA	NA	NA	NA	NA	NA
State	650,000	NA	2,400,000	3,050,000	4,800,000	1,750,000
Transportation	0	NA	640,000	640,000	4,475,000	3,835,000
Treasury	330,000,000 <sup>c</sup>	253,000	9,349,000	339,602,000 <sup>c</sup>	46,442,000	(293,160,000) <sup>c</sup>
USIA	0	NA	NA	NA	NA	NA
Veterans Affairs	0	160,000	0	160,000	9,505,215	9,345,215
Voice of America	0	1,100	0	1,100	36,000	34,900
<b>Total</b>	<b>\$362,721,784<sup>c</sup></b>	<b>\$12,790,102</b>	<b>\$42,563,834</b>	<b>\$418,075,720<sup>c</sup></b>	<b>\$189,188,173</b>	<b>\$(228,887,547)<sup>c</sup></b>

Note: NA means that the agency or department either (1) failed to respond to a particular question, (2) responded by writing "unknown" or "unable to estimate," or (3) gave some other response that was not a quantity.

<sup>a</sup>Salaries are for nonessential employees.

<sup>b</sup>If these employees are paid for hours not worked, these salary payments would be a cost of the shut down.

<sup>c</sup>Treasury's lost revenue estimate may be significantly overstated. (See section on lost revenue estimates for discussion.)

Source: Agency responses to GAO questionnaire.

**Appendix IX  
 Estimated Costs/Savings of a Hypothetical  
 Shutdown During 3 Consecutive  
 Nonholiday Weekdays**

**Net Savings/Cost of a  
 Hypothetical 3-Day  
 Shutdown**

We calculated the net cost of a hypothetical 3-day shutdown from summary data on the administrative costs of a hypothetical shutdown (see app. X), salary costs/savings (see app. XI), and estimates of lost revenue (see below).

1. October responses: On the basis of data from 15 agencies completing our initial questionnaire, the net cost of a shutdown in the executive branch was estimated at about \$399 million.

2&3. Updated and new responses: The following sections on administrative costs and salary costs/savings identify specific changes made in these areas. Updated and new lost revenue estimates are detailed on the next page. DOD, the Smithsonian, and USIA were the only agencies that did not estimate any costs or savings for a hypothetical shutdown.

4. Net effect: An overall estimate of the cost or savings of the shutdown is highly sensitive to assumptions concerning the recoverability of estimated revenue losses and whether furloughed employees are subsequently paid for hours not worked. Depending on these assumptions (and given \$55.4 million in constant administrative and salary costs), the overall estimate ranges from a cost of \$607.3 million to a savings of \$133.8 million, as shown in table IX.2.

**Table IX.2: Range of Estimated Costs and Savings During a Hypothetical 3-Day Shutdown** (Dollars in millions)

Cost/savings factors	Various case assumptions			
	A	B	C	D
Revenues losses	\$362.7	\$362.7	\$0	\$0
Estimated salaries for hours not worked	189.2	189.2	189.2	189.2
Constant administrative and salary costs	55.4	55.4	55.4	55.4
<b>Total cost or savings</b>	<b>\$607.3</b>	<b>\$228.9</b>	<b>\$244.6</b>	<b>\$133.8</b>
 Assumed Savings				

**Case A**

If none of the estimated revenue losses are recovered and the estimated salaries of furloughed employees are paid and thus considered a cost, the shutdown would cost an estimated \$607.3 million.

**Case B**

If none of the estimated revenue losses are recovered and the estimated salaries of furloughed employees are not paid and thus considered a savings, the shutdown would cost an estimated \$228.9 million. (These assumptions were used in preparing table IX.1.)

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**Appendix IX**  
**Estimated Costs/Savings of a Hypothetical**  
**Shutdown During 3 Consecutive**  
**Nonholiday Weekdays**

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**Case C**

If all of the estimated revenue losses are recovered and the estimated salaries of furloughed employees are paid and thus considered a cost, the shutdown would cost an estimated \$244.6 million.

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**Case D**

If all of the estimated revenue losses are recovered and the estimated salaries of furloughed employees are not paid and thus considered a savings, the shutdown would save \$133.8 million.

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**Lost Revenue**  
**Estimates**

Eleven agencies reported that the shutdown resulted in lost revenues. However, we dropped EPA's estimate of \$6.9 million of lost revenue upon further review of its basis. EPA's estimate appeared to consist solely of the amount of salaries that furloughed employees would lose and thus would not be a revenue loss to the agency. In addition, we believe the \$330 million in uncollected Internal Revenue Service (IRS) tax revenues reported by Treasury may be significantly overstated.

Because the \$330 million estimate provided to us by Treasury was so large, we asked Treasury for further clarification. Treasury said that (1) IRS collects approximately \$28.6 billion in taxes through direct enforcement efforts; (2) because these taxes are not collected under voluntary compliance with the tax laws by taxpayers, IRS staff is needed to enforce the tax laws and ultimately ensure collection; and (3) the \$330 million tax loss over 3 workdays was estimated by assuming a loss of \$110 million per day (\$28.6 billion annually divided by 260 days). Because there are always more cases "in the pipeline" awaiting IRS action, Treasury viewed the \$330 million tax loss as theoretically unable to be recovered.

We have serious reservations about the reliability of the \$330 million estimate and believe it may be overstated by a significant amount. Most IRS enforcement collections occur when taxpayers respond to a computer-generated delinquency notice or as part of an installment agreement already in place with IRS. It would appear that IRS could redirect resources to largely compensate for a short shutdown in processing such notices and installment agreements, thereby recovering some of the revenues. We have previously expressed reservations about other IRS estimates of revenues generated by enforcement staff.<sup>1</sup>

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<sup>1</sup>Tax Administration: IRS Needs More Reliable Information on Enforcement Revenues (GGD-90-85, June 20, 1990).

**Appendix IX  
Estimated Costs/Savings of a Hypothetical  
Shutdown During 3 Consecutive  
Nonholiday Weekdays**

Table IX.3 shows the agencies' initial, revised, or new estimates of lost revenues. In asking agencies to reconsider their initial estimates, we specifically asked them to indicate whether any of the estimates included deferred revenues (revenues that will be recaptured at a later date). As noted in the table, Education and Justice said that their estimates included deferred revenues likely to be recaptured, but they did not indicate specific amounts.

**Table IX.3: Lost Revenue Estimates**

<b>Department/agency</b>	<b>Initial estimate</b>	<b>Revised/new estimate</b>	<b>Nature of revenue loss</b>
Agriculture	No report	\$10,000,000	Noncollection of timber revenues and agricultural inspection fees
Education	\$2,500,000	2,500,000	Deferred defaulted loans and other collections
EPA	6,900,000	0	Dropped estimate upon further review
HUD	21,000	21,000	Loss of interest
Interior	30,128,476	778,476	Park and hunting fees; map and photo sales
Justice	3,849,000	3,849,000	Deferred examination and investigative service fees
Labor	400,000	400,000	Collection of fines
OPM	123,308	123,308	Lost investments of trust fund money
SBA	No report	14,400,000	Loan repayments
State	650,000	650,000	Loss of passport operation revenue
Treasury	420,054,000	330,000,000 <sup>a</sup>	Uncollected IRS tax revenues
<b>Total</b>	<b>\$464,625,784</b>	<b>\$362,721,784</b>	

<sup>a</sup>Treasury's lost revenue estimate may be significantly overstated.

# Estimated Administrative Costs of a Hypothetical Shutdown During 3 Consecutive Nonholiday Weekdays

**Table X.1: Administrative Costs Estimate**

Department/agency	Development shutdown plan, etc.	Personnel action processing	Discounts/payments lost	Contractual delays	Other	Total
Agriculture	\$18,200	\$23,400	NA	NA	NA	\$41,600
Commerce	NA	0	\$100,000	\$2,000,000	0	2,100,000
Defense	NA	NA	NA	NA	NA	NA
Education	1,600	12,000	0	3,500,000	NA	3,513,600
Energy	18,000	<sup>a</sup>	0	0	0	18,000
EPA	0	100,000	0	0	NA	100,000
GSA	0	NA	NA	0	NA	0
HHS	NA	30,000	0	NA	0	30,000
HUD	NA	NA	0	0	NA	NA
Interior	514,506	3,147,936	15,000	11,970	\$219,675	3,909,087
Justice	659,746	89,929	76,000	120,000	234,000	1,179,675
Labor	283,000	2,240	0	120,000	NA	405,240
NASA	500,000	12,000	0	0	NA	512,000
OPM	2,000	35,000	500	NA	0	37,500
SBA	12,000	17,300	500,000	0	NA	529,300
Smithsonian	NA	NA	NA	NA	NA	NA
State	NA	NA	NA	NA	NA	NA
Transportation	NA	NA	NA	NA	NA	NA
Treasury	46,000	123,000	0	84,000	0	253,000
USIA	NA	NA	0	0	NA	NA
Veterans Affairs	0	55,000	105,000	0	NA	160,000
VOA	500	600	0	0	NA	1,100
<b>Totals</b>	<b>\$2,055,552</b>	<b>\$3,648,405</b>	<b>\$796,500</b>	<b>\$5,835,970</b>	<b>\$453,675</b>	<b>\$12,790,102</b>

Note: NA means that the agency or department either (1) failed to respond to a particular question, (2) responded by writing "unknown" or "unable to estimate," or (3) gave some other response that was not a quantity.

<sup>a</sup>Included in cost of developing plan.

Source: Agency responses to GAO questionnaire.

## Administrative Costs of a Hypothetical 3-Day Shutdown

1. October responses: Eleven agencies reported a total of \$40,831,236 in administrative costs in the following cost categories:

**Appendix X  
Estimated Administrative Costs of a  
Hypothetical Shutdown During 3 Consecutive  
Nonholiday Weekdays**

Developing contingency shutdown plans and designating/notifying employees	\$21,327,167
Processing additional personnel or payroll actions	3,046,924
Lost discounts and payment penalties	10,282,500
Contractual delays	5,720,970
Other costs	453,675

2. Updated responses: Interior revised its total administrative cost estimates downward by more than \$29 million to about \$3.9 million, stating that initial estimates were excessive. Labor raised its total estimates by \$120,000 to reflect costs of contractual delays. Treasury raised its estimates by almost \$92,000, primarily reflecting higher estimates for processing personnel actions.

3. New responses: Four agencies reported a total of \$1,084,000 in administrative costs, as follows:

<b>Agency</b>	<b>Costs</b>
Agriculture	\$41,600
NASA	512,000
SBA	529,300
VOA	1,100

4. Net effect: On the basis of positive responses from 15 agencies, administrative costs total about \$12.8 million, as detailed below by cost category:

Developing contingency shutdown plans and designating/notifying employees	\$2,055,552
Processing additional personnel or payroll actions	3,648,405
Lost discounts and payment penalties	796,500
Contractual delays	5,835,970
Other costs	453,675

# Estimated Daily Salary Costs/Savings of a Hypothetical Shutdown During 3 Consecutive Nonholiday Weekdays

**Table XI.1: Daily Salary Costs/Savings Estimates**

Department/agency	Estimated salaries for hours worked (assumed costs) <sup>a</sup>	
	Monday	Tuesday
Agriculture	\$3,600,000	\$0
Commerce	74,695	0
Defense	NA	NA
Education	8,781	8,781
Energy	40,000	0
EPA	0	0
GSA	764,861	0
HHS	8,654,000	4,816,000
HUD	600,000	0
Interior	1,344,530	1,250,756
Justice	2,221,671	0
Labor	0	0
NASA	0	0
OPM	770,000	0
SBA	450	450
Smithsonian	NA	NA
State	800,000	800,000
Transportation	640,000	0
Treasury	9,349,000	0
USIA	NA	NA
Veterans Affairs	0	0
Voice of America	0	0
<b>Total</b>	<b>\$28,867,988</b>	<b>\$6,875,987</b>

**Appendix XI  
Estimated Daily Salary Costs/Savings of a  
Hypothetical Shutdown During 3 Consecutive  
Nonholiday Weekdays**

Estimated salaries for hours worked (assumed costs) <sup>a</sup>		Estimated salaries for hours not worked (assumed savings) <sup>a,b</sup>			
Wednesday	Total	Monday	Tuesday	Wednesday	Total
\$0	\$3,600,000	\$3,600,000	\$7,600,000	\$7,600,000	\$18,800,000
0	74,695	124,491	199,185	199,185	522,861
NA	NA	NA	NA	NA	NA
8,781	26,343	813,188	813,188	813,188	2,439,564
0	40,000	67,000	107,000	107,000	281,000
0	0	2,300,000	2,300,000	2,300,000	6,900,000
0	764,861	1,274,650	2,039,511	2,039,511	5,353,672
4,816,000	18,286,000	6,396,000	10,234,000	10,234,000	26,864,000
0	600,000	1,000,000	1,600,000	1,600,000	4,200,000
1,194,628	3,789,914	6,389,021	6,691,729	6,693,729	19,774,479
0	2,221,671	3,792,786	6,072,138	5,334,458	15,199,382
0	0	2,130,000	2,130,000	2,130,000	6,390,000
0	0	4,300,000	4,300,000	4,300,000	12,900,000
0	770,000	110,000	890,000	893,000	1,893,000
450	1,350	804,000	804,000	804,000	2,412,000
NA	NA	NA	NA	NA	NA
800,000	2,400,000	1,600,000	1,600,000	1,600,000	4,800,000
0	640,000	1,065,000	1,705,000	1,705,000	4,475,000
0	9,349,000	9,248,000	18,597,000	18,597,000	46,442,000
NA	NA	NA	NA	NA	NA
0	0	2,403,405	2,875,905	4,225,905	9,505,215
0	0	12,000	12,000	12,000	36,000
<b>\$6,819,859</b>	<b>\$42,563,834</b>	<b>\$47,429,541</b>	<b>\$70,570,656</b>	<b>\$71,187,976</b>	<b>\$189,188,173</b>

Note: NA means that the agency or department either (1) failed to respond to a particular question, (2) responded by writing "unknown" or "unable to estimate," or (3) gave some other response that was not a quantity.

<sup>a</sup>Salaries are for nonessential employees.

<sup>b</sup>If these employees are paid for hours not worked, these salary payments would be a cost of the shutdown.

Source: Agency responses to GAO questionnaire.

## Estimated Salary Costs/Savings

1. October responses: Twelve agencies reported a total of about \$40.1 million in salary costs for nonessential employees expected to report to work during the first 3 days of a hypothetical shutdown. Fifteen agencies estimated that about \$146.7 million in salaries would be saved for hours not worked by nonessential employees during the first 3 days.

2. Updated responses: Treasury revised its salary cost estimates downward about \$1.2 million for nonessential employees expected to report

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**Appendix XI**  
**Estimated Daily Salary Costs/Savings of a**  
**Hypothetical Shutdown During 3 Consecutive**  
**Nonholiday Weekdays**

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to work, and it revised assumed salary savings upward about \$8.3 million for nonessential employees expected not to work.

3. New responses: Two agencies (Agriculture and SBA) reported salary cost estimates (\$3,600,000 and \$1,350, respectively). Four agencies (Agriculture, NASA, SBA, and VOA) reported assumed salary savings for hours not worked (\$18,800,000; \$12,900,000; \$2,412,000; and \$36,000, respectively).

4. Net effect: Salary costs increased to about \$42.6 million. Assumed salary savings increased to about \$189.2 million. If employees are paid for hours not worked, salary costs would then increase to about \$232 million.

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# Narrative Examples of Adverse Effects Expected From Shutdown During 3 Consecutive Nonholiday Weekdays

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1. October responses: We provided narrative examples from the submissions of 13 executive branch departments or agencies.

2. Updated responses: Two agencies provided additional information. EPA clarified that all “normal” environmental protection services would be “curtailed” rather than “shut down,” and emergency services, such as a toxic spill clean-up, would be handled under emergency procedures. Treasury said, among other things, that a 3-day shutdown would result in significant loss of productivity through disruption in the flow of work and downtime to plan for and notify workforce and shutdown operations. Treasury also cited as adverse effects the suspension of policy making for tax collections and public debt; disruptions in supplying economic data; and slippage in pursuing fraud, waste, and abuse within the Department.

3. New responses: Five agencies submitted new examples.

NASA: NASA said a 3-day weekday shutdown would damage employee morale. In addition to the impact at the time a shutdown would occur, such an action would have a long-term effect on how employees and potential employees viewed the government as an employer. Exact programmatic effects would vary depending on when a shutdown actually occurred. However, at a minimum, a shutdown would delay all scheduled activities, result in some opportunities being totally missed, compress work at the risk of quality, and/or incur additional overtime later to compensate for the lost time.

Smithsonian: A 3-day shutdown during the week would have disruptive effects on the Smithsonian’s public programming activities. The specific numbers of employees furloughed would be dependent upon many variables (e.g., time of year), and the Smithsonian cannot make an estimate at this time. Depending on the time of year, museums would be closed to a large number of visitors. In addition, scholars and other researchers could not come to the Institution to perform research on the National collections and/or do other work.

Small Business Administration: Services to SBA clientele would be disrupted and morale would be lowered. Loan applicants would be affected by lack of service.

U.S. Information Agency: Contacts with posts overseas would be disrupted and employee morale would be affected.