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Government Shutdown Spurs Political Messaging

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I. Executive Summary

This brief examines the ongoing shutdown of the federal government and its impact on federal government operations as well as its direct and indirect effects on the public. It explains the circumstances leading to the shutdown and failure of Congress to pass a continuing resolution. The piece also addresses the stances of both major parties and their objectives in budget negotiations.

II. Overview

A. Context

The U.S. federal budget runs on an annual cycle: Congress must pass 12 annual appropriations bills by October 1st to fund government operations. If they don't, Congress may pass continuing resolutions in the interim to prevent shutdowns. Failure to pass the full appropriations bill by October 1, however, under the Antideficiency Act, causes a government shutdown because agencies cannot spend unapproved funds.

The current shutdown, which began on October 1st, occurred because Republicans, who control both houses of Congress, fell short 60 votes in the Senate and failed to extend the March 2025 CR. The fact that Republicans don't have the 2/3 majority required to pass the bill in the Senate has meant that the Democrats have negotiating power, and Senate Democrats have been pushing for an extension of expiring tax credits, which make health insurance cheaper for millions of Americans, and for a reversal of Trump's cut to Medicaid.

Earlier in the year, the government nearly shut down over healthcare issues; however, the Republican majority promised it would seek compromise on several key disagreements in exchange for Democrats supporting a short-term continuing resolution, which expired on September 30th.

The last full shutdown began in December 2018 and lasted 35 days, the longest ever. President Trump demanded that Congress give him money for the U.S.-Mexico border wall, and Democrats won the House majority in the 2018 midterm elections and took power in the middle of a shutdown. Trump eventually relented amid major airport delays, unpaid federal workers, and mounting pressure.

B. Background

The shutdown began on October 1, 2025, the first since 2018. Essential services like the military, TSA, and mail continue, but national parks and federal offices are closed or short-staffed. Social Security and Medicare checks still go out, though new applications and card replacements are delayed.

III. Policy Problem

A. Current Stances

Democrats say Republicans caused the shutdown by refusing to pass a clean funding bill and holding the government hostage for spending cuts. Republicans argue Democrats are at fault for overspending and demanding costly programs. Polls show Americans blame both sides—67% blame Republicans and 63% blame Democrats, according to a Reuters/Ipsos survey.

B. Policy Impact

A government shutdown significantly disrupts federal policy initiatives and legislative efforts in multiple ways. During a shutdown, some government functions stop, leading to delays in implementing discretionary programs, infrastructure projects, and even regulatory activities. For example, the IRS has furloughed a portion of its workforce, disrupting taxpayer services. In addition, the Environmental Protection Agency has halted clean energy projects affecting environmental policy enforcement. The impact of the shutdown varies based on each program. Discretionary programs, such as education and transportation, are more vulnerable to delays due to their reliance on annual appropriations. In contrast, programs such as Social Security and Medicare continue to operate, though they still might face indirect effects caused by economic disruptions. Political messaging from both sides play a crucial role in shaping the aftermath of a shutdown because if the public perceives one party as responsible for the shutdown, that party will face increased pressure to resolve the issues. Moreover, shutdowns can serve as a strategic leverage in legislative negotiations, allowing parties to advance in specific policy priorities or block initiatives they oppose.

IV. Impact On the Economy

During shutdowns, non-essential federal employees, totalling around 620,000, are told not to report for work, but under a 2019 law, receive backpay after the shutdown. However, around 1.4 million essential government employees, such as air traffic controllers and law enforcement officers, continue to work without pay.

Typically, the economic impact is minimal as federal employees receive back pay under the "Government Employee Fair Treatment Act of 2019," which Trump signed during the last government shutdown. The act ensured that workers would be compensated immediately after future shutdowns; however, a new memo from the Office of Management and Budget argues that GEFTA has been misconstrued. An October 2025 memo from the Director of the Office of Management and Budget, Russell Vought, directs agencies to prepare "mass firing" plans for furloughed staff as a byproduct of a shutdown, potentially violating statutes.

In an effort to increase pressure on Democrats, the administration is also withholding up to $28 billion in infrastructure and energy grants, targeting Democratic cities such as New York City ($18 billion) and Chicago ($2.1 billion), plus $8 billion in green projects across blue states. This politicized freeze compounds worker stress and disruptions.

At the macro level, short shutdowns negligibly affect spending, as backpay restores it. Goldman Sachs estimates a 0.15 % drag on GDP, but prolonged uncertainty depresses confidence, consumer activity, and markets.

V. Looking Into The Future

The factors that led to this government shutdown, primarily disagreements over federal spending priorities, budget levels, and policy riders, are likely to continue both during the administration and throughout U.S. history due to the sharp political divide between the parties. Some ways to reform the budget procedure include implementing automatic continuing resolutions that extend prior-year funding or spending caps with automatic enforcement. These reforms could reduce the risk of future shutdowns by fulfilling each party's desire to maintain leverage. Political rhetoric from each party influences future governance because parties often frame the other side as the cause for the shutdown, leading to a continued strong dislike for each other.