



October 10, 2013

Fact Sheet: Government Shutdown and the Debt Ceiling

Government Shutdown

- **What Happened:** On Oct. 1, 2013, the federal government shut down because Congress failed to do its job of passing a budget for fiscal year 2014. Both the House and Senate passed temporary spending bills – known as “continuing resolutions” (CRs) – to keep the government running. **But the House's version would have prevented the implementation and funding of Obamacare. Democrats in the Senate opposed such a move, thus the two chambers couldn't agree on even a short-term bill to keep the government running.**
- **Why It Happened:** **Republicans in the House acted deeply irresponsibly by attaching a laundry list of unrelated demands** to the task of fulfilling their most basic function of keeping the government running and paying our nation's bills. **Democrats in the Senate share the blame**, having failed to pass a single [appropriations bill](#) this year, when there are supposed to be [12 such bills](#) to properly fund the government. (The House passed four of 12 appropriations bills.)
- **The Upshot:** Government operations across the nation have ground to a halt. **Programs that include nutrition, health care, and pre-school for vulnerable children, food safety inspections of food entering U.S. ports, funding for Habitat for Humanity, and tuition assistance for veterans – among many other federal programs – have ceased operations.**

The Debt Ceiling

- **What It Is:** The debt ceiling is the limit set by Congress on the total amount that the U.S. Treasury can borrow, and Congress has the legal authority to raise the debt ceiling as needed. **Doing so does not authorize new spending, but rather allows the Treasury to pay the bills for spending that has already been authorized by Congress.** (The debt ceiling is a separate issue from the government shutdown that began on Oct. 1, though their timing has meant that they're being talked about as a single issue.)
- **What's Happening:** The federal debt stands at \$16.699 trillion – exactly the level of the current debt ceiling. The Treasury is expected to run out of cash by the end of the month. **Without congressional action to raise the debt ceiling, the Treasury will be unable to pay all of its bills.**
- **Why It's Happening:** House Republicans are again acting deeply irresponsibly by **demanding unrelated policy changes to raising the debt ceiling, for solely political purposes.** Republicans have said they won't allow an increase in the debt ceiling without some

combination of cuts to safety-net programs like Medicare and Social Security, changes to Obamacare, or tax reform that lowers tax rates and raises no new tax revenue.

- **The Upshot:** If the Treasury runs out of cash and is unable to borrow money it likely will default on its debt payments as well as lapse on payments to government programs, such as Social Security checks for retirees. **A debt default by the U.S. government is expected to have a deeply negative impact on the global economy, with potential effects including higher unemployment, reduced value of retirement savings for retirees, higher interest rates on home and car loans for American consumers, and many other repercussions.**

What You Can Do

Immediately: [Contact your legislators](#). Use [this script](#) to request two critical actions:

1. Ask Speaker Boehner to bring a spending bill to a vote on the House floor and pass a “clean CR” – a bill to reopen the government, with no strings attached.
2. Raise the debt ceiling at once so our nation can pay its bills on time.

Visit [End the Government Shutdown and Raise the Debt Ceiling](#) for resources on how to use social media to contact your lawmakers and activate your friends to end the shutdown and raise the debt ceiling.

Long Term: Crisis has become business as usual in Washington. We cannot let this happen again. Here’s what you can do to take back our federal budget process and hold our lawmakers accountable for their constitutional responsibilities:

1. Familiarize yourself with our nation’s [federal budget process](#), and how it’s supposed to work.
2. Find out how budget decisions – even when we’re not in crisis mode – [affect your family and local community](#).
3. [Sign up for NPP’s email alerts](#) to stay up-to-date on what’s happening with our nation’s budget process before it gets to a crisis point.
4. [Contact your legislators](#) on a regular basis to communicate your priorities for this nation.

More Resources:

- [End the Government Shutdown and Raise the Debt Ceiling](#)
- [Government Shutdown: What You Need To Know](#)
- [3 Dangerous Myths about the Debt Ceiling](#)
- [YouTube: 4 Crazy Things Congress Did Instead of Passing a Budget](#)
- [YouTube: Why the Government Shutdown? Congress Got a Little...Distracted](#)

Sources:

[U.S. Treasury](#), [Congressional Research Service](#)

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