

## PSC Talking Points:

*How CRs and government shutdowns directly affect companies, employees, and the government programs they support*

### 2013 Shutdown:

- **What was it like in 2013 when the government threatened to shut down and then actually did close from October 1 to 16?**  
The sixteen days affected only civilian agencies, and not all agencies were similarly affected because some activities had available funding. DoD was affected for only the first four days of the shutdown and had funding restored.
- **Did employees go without pay?**  
While federal employees were eventually paid for the time the government was shut down (even though they could not perform their duties), government contractors never were compensated. Many firms opted to pay their employees “out of pocket” for as long as they could, although many eventually were forced to furlough employees, and some employees were laid off.
- **What happened to performance on government contracts?**  
Obviously, some contract performance was disrupted or interrupted.
- **What was the impact to shareholders?**  
As revenue is affected, so too is share price for publicly-traded companies.
- **What consequences occurred that most people don't know about?**  
Several companies had debt servicing and bank covenants affected, sometimes increasing the cost of capital or lines of credit.

### Under a CR:

- Agencies are limited in— and generally may not extend an option year on —active contracts
- Uncertainty around funding makes business planning very difficult
- Innovation is limited by availability of funds, constraining contractors and ultimately wasting money
- Agencies are not authorized to fund new starts, limiting both agency activity and contractor opportunity

### In the event of a shutdown:

- Normal agency contacts may be unavailable to provide guidance to contractors
- Contractor employees working on government site may not have access to necessary facilities
  - May require contractor employees to take leave throughout the duration of the shutdown
- A government “stop work order” is often issued, halting all contractor performance activity (including subcontractors and vendors)
  - Can come at any time, may be a partial or full “stop work”
  - May be no longer than 90 days, at which time the contract performance must be restarted, or the contract terminated
- Companies must still keep employees at the ready to restart work promptly
  - Potentially additional costs and may still face a furlough