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GOVERNMENT RELATIONS ALERT

What You Should Know About the Shutdown

The government shutdown has been the topic of numerous news outlets around the country due to its direct effect on individuals' interactions with government departments and potentially devastating effect on the global economy. Hancock Estabrook has summarized some of the most relevant details of the shutdown and how it could effect businesses and individuals.

Who's Back to Work?

The Pentagon has ordered most of its approximately 400,000 furloughed civilian employees back to work. The decision by Defense Secretary Chuck Hagel was based on a law called the "Pay Our Military Act", which was passed shortly before the shutdown began and allowed the Pentagon to eliminate furloughs for "employees whose responsibilities contribute to the morale, well-being, capabilities and readiness of service members."

Who's Still Not Working?

Among the federal agencies that are still closed are the 368 National Park Service sites, including the Statue of Liberty, Yosemite and other popular vacation and tourist spots. Also affected are passport offices located in federal buildings affected by the shutdown, the Small Business Administration, federal scholarship programs, federally funded health clinics, FHA loans and IRS taxpayer help phone lines.

Will the Furloughed Workers get Paid for the Furlough Period?

It looks like the answer to this question is "yes." The House passed a bill Saturday that would make sure the furloughed workers get paid for the time they are out of work. The White House backs the bill and the Senate is expected to pass it, too, although it has not yet been scheduled for a Senate vote.

What Federal Agencies have the Largest Workforces?

According to USA Today, the two agencies with the largest workforces are the Department of Veteran Affairs and the Department of Homeland Security, with combined employees numbering in excess of 500,000. Other agencies in the top ten include the Departments of Justice, Treasury, Agriculture, Health and Human Services, Department of State, Social Security Administration, the Department of the Interior and the Department of Transportation.

Are any Agencies Exempt from the Shutdown?

Yes, the shutdown will have no effect on government services characterized as “essential”, which includes entitlement programs, national security, air traffic control and staffing at the Federal Reserve.

What Ripple Effect is the Shutdown Causing?

Lockheed, the world’s largest defense contractor, said on October 4 that it had identified about 3,000 employees for furloughs starting today. Other defense contractors, including Sikorsky Aircraft of Connecticut, which sells helicopters to the Defense Department, and United Technologies, had planned to furlough workers but cancelled those plans when the Pentagon called its civilian workers back October 7.

Has This Ever Happened Before?

Yes. This is the 17th government shutdown in the last 40 years. The last one was in late 1995 and lasted 21 days, going into 1996.

How Can Hancock Estabrook Help You?

If you have filings pending with any governmental office, please call us to discuss what you can expect due to the shutdown. Some examples include:

- If you have a loan application pending with The Small Business Administration.
- If you have a Copyright Application filed with the U.S. Copyright Office.
- If you have any claims or charges filed against you by the Employment Opportunity Commission, Department of Labor or National Labor Relations Board.
- If you participate in E-Verify and have a pending I-9 work authorization form in process with the Department of Homeland Security.
- If you are a construction company with government contracts.

If you have any questions or would like more information on the issues discussed in this communication, please contact any of the following Hancock Estabrook attorneys:

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