

## Government Shutdown Information and Resources

A government shutdown occurs when there is a lapse in federal appropriations (full-year or through a continuing resolution) to fund government operations. The Antideficiency Act (ADA)<sup>1</sup> prohibits agencies from incurring obligations that are in advance of, or that exceed, an appropriation, with certain limited exceptions. During a shutdown, non-excepted services are generally suspended.<sup>2</sup>

Shutdowns have a significant impact on contractors, including those in the U.S. defense industrial base. The effects that a funding lapse will have on federal contracts depend in large part upon the length of the shutdown, as well as the contract's type, terms, funding source, and similar factors.<sup>3</sup>

Below are frequently asked questions and additional resources pulled from official resources to help guide NDIA member companies during this time.<sup>4</sup>

### Frequently Asked Questions (FAQs)

#### **Q: Can the Department of Defense/War still incur obligations in the absence of an appropriation?**

**A:** Yes. "After operating appropriations have lapsed for new obligations, the Department may incur costs in advance of an appropriation only for those activities that have been designated as "excepted." The Department may incur such obligations for excepted functions, including when: (1) a statute expressly authorizes incurring obligations in advance of appropriations for the subject function;; (2) the subject function addresses emergency circumstances where suspension of the function would imminently threaten the safety of human life or the protection of property, (3) the subject function is necessary to discharge the President's Constitutional duties and powers; and (4) the continuation of the subject function is necessarily implied from the authorized continuation of other activities. No obligations may be made to support a non-

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<sup>1</sup> U.S. Government Accountability Office. "Antideficiency Act Resources." Accessed December 19, 2024. <https://www.gao.gov/legal/appropriations-law/resources>.

<sup>2</sup> Brass, Clinton T., "Shutdown of the Federal Government: Causes, Processes, and Effects." Congressional Research Service. RL34680, Version 29. December 10, 2018. <https://crsreports.congress.gov/product/pdf/RL/RL34680/29>. Pages 13-15.

<sup>3</sup> Carpenter, David. H, "How a Government Shutdown Affects Government Contracts." Legal Sidebar. LSB10243. Congressional Research Service, January 10, 2019. <https://crsreports.congress.gov/product/pdf/LSB/LSB10243>.

<sup>4</sup> Please note the resources utilized in this document were available as of 9/29/2025. Additional and/or updated resources may be provided by the federal government during a shutdown. Please utilize the most up-to-date information and resources as they become available.

excepted activity during a lapse in appropriations, as that would be a violation of the Anti-deficiency Act.”<sup>5</sup>

**Q: Can agencies retain employees to perform “excepted” functions during a shutdown?**

**A:** Yes. “[A]n agency may retain employees who otherwise would be subject to furlough so that those employees may continue to perform “excepted” functions during a lapse in appropriations.”<sup>6</sup>

“Activities related to administering or making payments for an obligation are distinct bona fide needs of the fiscal year in which they occur. Accordingly, for an obligation properly incurred during an appropriation’s period of availability, activities for administering or making payments may only occur during a lapse if those activities themselves are excepted, to include when they are impliedly necessary to continue the activity for which the obligation was made.”<sup>7</sup>

**Q: What priorities are considered “excepted” by the Department of Defense/War?**

**A:** “As of September 2025, the Department considers efforts to the support the following among its highest priorities:

- Operations to secure the U.S. Southern Border
- Middle East operations
- Golden Dome for America
- Depot Maintenance
- Shipbuilding
- Critical Munitions

As in every case, efforts supporting these activities may occur during a lapse when resourced with funds that remain available—to include those provided in Pub. L. 119-21 [Budget Reconciliation Law]. Where costs for such efforts must be charged against a lapsed appropriation, Component and subordinate leaders will closely evaluate individual activities to determine whether they are “excepted” consistent with this planning guidance and continue or initiate them, as appropriate, when supported by the facts. Of note, activities may be excepted when their continuation or

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<sup>5</sup> U.S. Department of War. “Contingency Plan Guidance for Continuation of Operations in the Absence of Available Appropriations.” September 2025. <https://media.defense.gov/2025/Sep/27/2003809363/-1/-1/1/CONTINGENCY-PLAN-GUIDANCE-FOR-CONTINUATION-OF-OPERATIONS-IN-THE-ABSENCE-OF-APPROPRIATIONS.PDF>.

<sup>6</sup> Office of Management and Budget. “Circular No. A-11. Preparation, Submission, and Execution of the Budget. August 2025.” <https://www.whitehouse.gov/wp-content/uploads/2025/08/a11.pdf>.

<sup>7</sup> U.S. Department of War. “Contingency Plan Guidance for Continuation of Operations in the Absence of Available Appropriations.” September 2025. <https://media.defense.gov/2025/Sep/27/2003809363/-1/-1/1/CONTINGENCY-PLAN-GUIDANCE-FOR-CONTINUATION-OF-OPERATIONS-IN-THE-ABSENCE-OF-APPROPRIATIONS.PDF>.

initiation during a lapse is necessarily implied from other excepted activities (e.g., administration of a contract funded with amounts from Pub. L. 119-21, budget analyst work to build and finalize Pub. L. 119-21 spend plans, maintenance work on equipment required for use during the lapse for an excepted contingency operation).”<sup>8</sup>

**Q: What contracting functions are considered “excepted?”**

**A:** The following Acquisition and Logistic Support activities are considered excepted by the Department:

- “Contracting, contract administration, contract payment (for contracts funded with prior year funds), or logistics operations in support of excepted activities.
- Activities required to contract for and to distribute items as authorized by the Feed and Forage Act (e.g., clothing, subsistence, forage, fuel, quarters, transportation, and medical and hospital supplies).
- Central receiving points for storage of supplies and materials purchased prior to the shutdown.”<sup>9</sup>

**Q: Can contractors continue to perform work during a government shutdown?**

**A:** “A contractor performing under a contract (or contract option) that was awarded prior to the expiration of appropriations may continue to provide contract services, whether in support of excepted activities or not, up to the limit of the funds obligated on the contract prior to the lapse in appropriations if they do not require 1) access to Government facilities; 2) active administration by Government personnel; or 3) the use of government resources in a manner that would cause the government to incur additional obligations during the lapse in appropriation. However, new contracts (including contract renewals or extensions, issuance of task orders, exercise of options) may not be executed, nor may increments of funding be placed on incrementally funded contracts or to cover cost overruns, unless the contractor is supporting an excepted activity. No funds will be available to pay such new contract or place additional increments of funding on contracts until Congress appropriates additional funds.”<sup>10</sup>

**Q: Can an agency pay a contractor or grantee during a funding lapse for performance under**

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<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

## **a contract or grant that the agency awarded during the funding lapse under one of the exceptions to the Antideficiency Act?**

**A:** “Even if an obligation is properly incurred for an excepted function during a lapse of appropriations, no disbursements may be made to liquidate such obligations incurred *until* Congress provides an appropriation to cover these obligations.”<sup>11</sup>

“New obligations may be charged to appropriation accounts or funds that do not expire for new obligation on September 30th to the extent sufficient unobligated balances exist. For DoW, after operating appropriations lapse, unobligated balances may exist in accounts for procurement; research, development, test and evaluation; military construction; working capital funds; and other revolving and management funds.”<sup>12</sup>

## **Q: Do all contractors receive a stop work order during a government shutdown?**

**A:** “The expiration of an appropriation does not require the termination of contracts (or issuance of stop work orders) funded by that appropriation unless a new obligation of funds is required under the contract and the contract is not required to support an excepted activity. In cases where additional funding is required and/or oversight, engagement, or inspection by Federal employees who have been furloughed is critical to successful performance under the contract and the contract is not required to support an excepted activity, the issuance of a stop work order, or the termination of the contract may be required.”<sup>13</sup>

## **Q: Can the DoD enter into new contracts for excepted services?**

**A:** “The Department may continue to enter into new contracts, or place task orders under existing contracts, to obtain supplies and services necessary to carry out or support excepted activities even though there are no available appropriations. It is emphasized that this authority is to be exercised only when determined to be necessary - where delay in contracting would create an imminent risk to the safety of human life or the protection of property, including endangering national security. Additionally, when authorized by the Secretary of War, contracts for covered items may be entered into under the authority of the Feed and Forage Act.”<sup>14</sup>

## **Q: Where should I go if I have specific questions about my contract?**

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<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

**A:** Contractors should speak to a Contracting Officer for guidance and options.

## Links to Additional Resources

- **DoD/W:** [Contingency Plan Guidance for Continuation of Operations in the Absence of Available Appropriations \(September 2025\)](#)
- **OMB:** [Circular No. A-11: Preparation, Submission, and Execution of the Budget \(August 2025\)](#)
- **CRS:** [Government Shutdowns and Executive Branch Operations: Frequently Asked Questions \(FAQ\) \(Sep 2024\)](#)
- **GAO:** [Antideficiency Act Resources](#)
- **OPM:** [Guidance for Shutdown Furloughs \(September 2025\)](#)
- **OPM:** [Special Instructions for Agencies Affected by a Possible Lapse in Appropriations Starting on October 1, 2025](#)