



Press Release

What Are the Costs of a Government Shutdown?

ALLIE WATSON | OCTOBER 1, 2025

The absence of legislation to keep many federal government agencies and programs funded for fiscal year 2026 has triggered a government shutdown, which can have significant and wide-ranging economic and budgetary costs. In a new insight, Director of Fiscal Policy Jordan Haring explains how the costs of a shutdown extend far beyond the political debates in Washington.

She concludes:

A government shutdown disrupts many federal programs and agencies by forcing a discontinuation of all nonessential discretionary functions. The longer a shutdown lasts, the more likely it may act as a drag on the overall economy by stalling growth, harming businesses, and undermining financial stability. It can also impose costs on the federal budget that would otherwise not exist had the government remained open.

[Read the analysis.](#)