



## **Economic Impacts of the Government Shutdown in West Virginia**

A government shutdown occurs when Congress fails to pass appropriations bills or a continuing resolution to fund federal government operations. CEA analysis indicates that a shutdown may have wide-ranging economic effects that reduce the prospects of West Virginia constituents through lower growth, higher unemployment and disruptions to Social Security and nutritional support to women with infant children.

### **Government Shutdown Would Reduce Growth and Increase Unemployment**

CEA estimates West Virginia's Gross State Product will decline by around \$54 million each week the shutdown extends, the equivalent of around \$235 million per month while the government is shut down.

As a result of estimated GDP declines during the shutdown period, CEA analysis finds that there may be an increase in unemployment of about 200 workers in West Virginia under a 1-month shutdown.

In a government shutdown, most federal workers will be furloughed or be required to work without pay. In West Virginia, there are around 26,000 federal workers, or about 3.8 percent of the state workforce.

### **Government Shutdown Would Stop Some Federal Benefits**

Under a government shutdown, SNAP benefits continue for approximately 30 days before facing disruption. In West Virginia there are around 274,000 total enrollees in SNAP, and an estimated 106,000 whom are children.

Benefits are likely delayed for those that receive their Social Security benefits by check instead of direct-deposit. In West Virginia, there are approximately 3,000 seniors that receive their benefits by check.

Due to the government shutdown, federal funding for the Women, Infants, and Children (WIC) program stops immediately and becomes reliant on very limited local contingency funding. If the government shutdown is prolonged, those reserves are likely to run out by the end of the first week. In West Virginia, there are approximately 36,000 WIC recipients who rely on the program for nutritional support for themselves and their children.

### **Government Shutdown Would Hurt Small Business**

Small Business Administration loan distributions are also frozen during the government shutdown. Assuming equal, average distributions each month, small businesses would face delays of around \$8 million in West Virginia under a month-long shutdown of the federal government.

Federal contracts will similarly be affected by the federal government shutdown. CEA assumes all non-cost contracts (flat rate paid by the government) will continue, but funding will stop for all cost contracts (government pays for actual costs incurred, requiring oversight, invoicing, etc.). In this case, a one-month shutdown would cut federal contract spending by around \$49 million in West Virginia.

Combining this with federal employees going unpaid, consumer spending from lost wages will fall by an estimated \$227 million in West Virginia each month the government shut down extends.