

EIG: Government Shutdown Watch

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After failing to reach consensus on a [defense spending bill](#), Speaker of the House Kevin McCarthy (R-CA) sent members home for the long weekend. The House is expected to return on Tuesday, September 26, just four days before federal funding lapses on Sunday, October 1.

McCarthy is nowhere close to a funding agreement within the House Republican caucus. The [major sticking points](#) are demands for immigration and border security legislation, opposition to funding for Ukraine, and the request for a [drastic reduction in non-defense federal spending](#). Many Republicans have been gearing up for a shutdown for months after being disappointed by McCarthy's debt ceiling negotiations with Democrats earlier this year. Some House Republicans, such as [Rep. Matt Gaetz \(R-FL\)](#), are threatening to challenge McCarthy's Speakership if he works with Democrats to fund the government.

By the numbers: Given the dysfunction in the House, the majority of [lawmakers across the Hill are preparing](#) for a federal government shutdown. Politicos and pundits are predicting a ten-day government shutdown, although it is unclear what measures Republicans will accept in exchange for reopening the government. [Previous government shutdowns](#) have yielded minimal policy changes but [cost the U.S. billions](#). A shutdown could have particularly disastrous implications for the U.S. economy, given the [recent downgrade of U.S. treasuries by the credit agency Fitch](#).

Bottom line: If the government shuts down, federal agencies cannot spend money. This means they cannot pay federal workers, and any agency that receives congressional appropriations will be forced to close. However, a [small number of agencies](#), such as the fee-funded USCIS, fee-funded operations at the Department of State, and the Postal Service, will be allowed to continue to operate. The situation is unlikely to change before Tuesday, September 26, when members of Congress are scheduled to return to the Hill.

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If Congress fails to pass a federal spending bill before October 1, the [federal government will shut down](#). The closure of the federal government would place hundreds of thousands of federal workers on furlough and reduce the country's GDP growth by around 0.15 percentage points for each week it lasts. [The 2018-19 government shutdown cost the economy about \\$3 billion](#).

What it Means for Immigration: A shutdown would only marginally impact pending immigration processing. However, substantial disruptions are expected for the filing of immigration cases that rely upon certain government agencies that are responsible for immigration-related functions.

- **USCIS:** As an almost entirely fee-funded agency, USCIS [would continue to process petitions and applications](#). Although USCIS will continue to operate, slowdowns and processing delays can be expected. In particular, immigration cases that require Labor Condition Applications (LCAs) or Labor Certifications such as H-1Bs, E-3s, H-2Bs, or PERM will be impacted.
- **E-Verify:** In the event of a shutdown, E-Verify will either expire or suspend operations, and employers would, therefore, not be able to enroll, initiate E-Verify queries, view, or take action on an E-Verify case. Employers who utilize the new optional alternative verification process will continue to be eligible to use this remote I-9 process and will continue to be responsible for I-9 verification obligations.
- **Visa Applications and Passports:** Certain fee-funded sections of the Department of State, such as [visa and passport processing](#), would continue to function so long as filing fees remain available to fund consular operations.
- **Department of Labor (DOL):** As DOL is not an entirely fee-funded agency, it is likely to be substantially impacted by the shutdown. As such, immigration-related functions, including the submission and certification of Labor Condition Applications (LCAs), Prevailing Wage Determinations (PWD), and PERM applications, will be suspended, adding to backlogs and longer processing times (even after government operations are resumed).
- **The Department of Labor and Department of Justice's** immigration courts would close until Congress passes a funding bill.

Erickson Insights and Analysis

Please note that the House has recessed until Tuesday. Monday is Yom Kippur, and House Speaker McCarthy is unlikely to reconvene in light of the holiday. It is unlikely that there will be any developments in advance of Tuesday.

This story continues to evolve, and Erickson Immigration Group will monitor developments and share updates as more news is available. Please contact your employer or EIG attorney if you have questions about anything we're reporting above or case-specific questions.