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Defense Credit Union Council Informational Briefing on Government Shutdown Preparedness

Background

The U.S. federal government operates on a fiscal year starting on October 1 and ending on September 30 of the following year. Fiscal Year 2025 will begin on October 1, 2025, at 12:01 a.m., and conclude on September 30, 2025, at 11:59 p.m. Since 1976, approximately 22 “funding gaps” have occurred, meaning Congress and the President failed to pass and enact legislation to fund government agencies and programs. The most recent shutdown began on December 22, 2018, and lasted through January 25, 2019, a total of 35 days. Since then, two minor funding gaps occurred, each lasting less than a day, without causing shutdowns.

Federal funding for non-mandatory “discretionary” programs is authorized annually through the Congressional appropriations process. If legislation is not passed by the end of this month, a government shutdown will begin. A funding lapse would not affect mandatory programs like Social Security, Medicare, and Medicaid, or their personnel. “Essential” government functions—such as federal law enforcement, the Transportation Security Administration (TSA), and the military—will continue to operate, though with reduced staffing. Workers in these essential services will not be paid until the shutdown ends. Non-essential programs and agencies will close, and non-essential personnel, including those in Congress, will be furloughed, with back pay granted once the shutdown concludes.

Impact on Military and Veteran Families

- **Credit unions have a long history of assisting members during government shutdowns.** In past shutdowns, credit unions offered specialized financial services such as advances, short-term loans, hardship extensions, and deferred payments to members who missed paychecks. This critical support allows members to pay their bills on time and avoid financial hardship.

Assisting Affected Credit Union Members

As federal funding negotiations continue, many federal employees face the reality of delayed paychecks, leading to financial challenges such as covering mortgage payments, utility bills, and everyday expenses. Credit unions, with their member-focused philosophy, play a critical role in assisting federal workers by offering tailored financial support and services through:

- **Guaranteed pay for military members with direct deposit at their credit union.** This program is essentially a no-interest loan that is settled once pay is restored following passage of the Defense Appropriations Bill or continuing resolution. Military members do not need to apply for this loan, it is automatically initiated during a government shutdown which is a huge relief for military families.
- **Offering low- or no-interest loans with favorable repayment terms** to help bridge the gap between paychecks to members affected by the shutdown. These loans come with flexible repayment options to ease financial strain. Credit unions are committed to their mission of serving members, unlike big banks, which may offer assistance on a case-by-case basis.
- **Many credit unions offer deferred payment options on existing loans, waiving fees and penalties** to give members more time to manage their finances.
- **Providing services to new, eligible members who may need immediate assistance** during the shutdown. Credit unions welcome new, eligible members affected by the shutdown, offering services such as emergency loans and financial counseling to help them through the crisis.

Credit unions continue to stand by their members during difficult times, helping federal employees, military personnel, and veterans weather the financial uncertainties caused by government shutdowns. This commitment demonstrates the "people helping people" philosophy that continues to drive the credit union movement.

During the 2018–2019 shutdown, the longest in U.S. history, credit unions provided significant support:

- **Over 500 credit unions offered specialized programs.**
- **More than \$46 million in low- or no-interest loans were provided.**
- **Over 11,000 members received loan extensions or modifications.**
- **Approximately 3,000 new members joined credit unions seeking financial relief.**