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Evaluating the Economic Impact of Government Shutdowns

Fiserv releases analysis on government shutdowns and their impact on the U.S. economy

BROOKFIELD, Wis., November 14, 2023 -- The current political impasse in the nation's capital has heightened the possibility of a government shutdown. This carries the potential to profoundly impact not just the livelihoods of government employees and contractors but also the broader national economy.

Today, Fiserv released a paper that evaluates the economic consequences of government shutdowns on consumer spending. The paper, *Economic Impacts of Government Shutdowns*, utilizes the 2013 and 2018–2019 federal government shutdowns as case studies and SpendTrend data from Fiserv to gain valuable insights on impacts to consumer spending.

The report revealed the following highlights, among other findings:

- Personal consumer expenditures (PCE) decreased by \$4.4 billion and \$10.0 billion during the 2013 and 2018–2019 shutdowns, respectively
- The economy in the Washington, D.C. area suffered a disproportionate contraction, with a substantial loss of 5 percentage points in PCE and a smaller 0.5 percentage point decrease in PCE during the two shutdowns, respectively
- PCE on SNAP benefits remained relatively unaffected
- PCE on small businesses were less affected compared to larger enterprises during the 2013 shutdown, but much more affected during the 2018–2019 shutdown
- PCE at restaurants, sporting goods and hobby stores, and gas stations experienced a substantial loss at the national level, making them among the most affected industries during the shutdowns

“There are clear economic impacts when government shutdowns are on the table,” said Prasanna Dhore, Chief Data Officer at Fiserv. “The most impacted communities are those with a high density of government workers, such as Washington, D.C., and military locations throughout the country; businesses disproportionately impacted include restaurants, sporting goods and hobby stores, and gas stations.”

Download the Report

The *Economic Impacts of Government Shutdowns* paper is available at fisv.co/ShutdownImpact.

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