



U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES

– RANKING MEMBER MAXINE WATERS –

IMPACTS OF A TRUMP-REPUBLICAN GOVERNMENT SHUTDOWN

Donald Trump and Congressional Republicans are choosing to shut down the government to avoid providing health care for hard-working American families. A Trump-Republican government shutdown won't just put significant financial strain on affected government employees and their families, it can also result in irreparable harm renters, small businesses, servicemembers, investors, communities recovering from disasters, and our entire economy – the effects of which will grow increasingly severe, the longer it lasts. Not to mention, the Office of Management Budget has already offered guidance encouraging agencies to use the shutdown as an opportunity to mass fire government employees, which will inflict even more pain on public servants and further hamper the mission of our financial services agencies. Below are some of the major consequences we can expect to see.

RENTERS AND HOMEOWNERS

- ***The Department of Housing and Urban Development (HUD)***, which oversees our nation's housing, community development, and long-term disaster relief programs, ***HUD would need to furlough at least 84% of its workers during a shutdown.***
 - This ***could put renters receiving rental assistance through HUD at imminent risk of eviction*** as processing of their monthly subsidies may be delayed.
 - This could also ***put the safety of public housing residents in danger*** as maintenance of safety hazards on their properties could get delayed.
- Equally alarming, prior to the shutdown, HUD has been carrying out the Trump Administration's playbook to gut critical offices, including the Office of Fair Housing and Equal Opportunity (FHEO) which was already reduced by 70%. If HUD follows the Office of Management and Budget's recent shutdown guidance, the Office of FHEO could be completely eliminated and fully dismantle fair housing protections and enforcement.
- The National Flood Insurance Program (NFIP) would be unable to issue new policies in the height of hurricane season. This could ***threaten over 1,300 home sale closings each day, potentially locking thousands of families out of the dream of homeownership or putting them at risk if their home sales proceed without coverage.***¹
- ***HUD and NFIP would also be limited in providing critical disaster relief.***
 - HUD, which is responsible for the Community Development Block Grant – Disaster Recovery (CDBG-DR) program, would be unable to deploy new funding and may only have access to previously obligated funds.

¹ National Association of Realtors, "[NAR Aims to Protect NFIP as Government Shutdown Looms](#)," Sep. 26, 2023.

- The NFIP would also largely be *unable to pay out flood insurance claims* as its ability to borrow funds from Treasury would be reduced from over \$30 billion to \$1 billion during a shutdown and its flood mapping process would ultimately come to a halt.²
- ***The U.S. Department of Agriculture (USDA)’s Rural Housing Service (RHS)***, which provides critical housing and development resources to meet the unique challenges in rural areas, ***will likely halt all program activity***, including mortgage lending, rental assistance, community development, utility repair, and home repair activities.
 - Similar to HUD-assisted tenants, ***rural residents who rely on programs administered by the RHS would be vulnerable to eviction***. While in past shutdowns, landlords have been given access to property reserve funds to cover rental assistance gaps, it is unclear if this Administration will seek to offer that authority and even how much funding is available.
 - ***Rural homebuyers or those looking to refinance their mortgages would have their mortgage processing halted***, which would lock rural families out of affordable homeownership opportunities.
 - Additionally, it is possible that certain Personally Identifiable Information (PII) could be compromised or lost by RHS during a shutdown.³
- An extended shutdown could cause government employees across the country, as well as their families, to struggle to make their rent or mortgage payments, which typically make up the single largest share of household budgets. This could result in ***damage to individual credit scores and history, and in the longer term, could result in an uptick in evictions and foreclosures***, diminish local property taxes, and undermine local economies.
- The Trump Administration has even threatened mass layoffs beyond the typical furloughs during a shutdown, even at agencies independently funded outside of the annual appropriations process, like the ***Consumer Financial Protection Bureau (CFPB)***. Such a step will leave consumers vulnerable to financial rip-offs, junk fees, and other abuses in the consumer financial marketplace.

SMALL BUSINESSES AND U.S. EXPORTS

- ***The Export-Import Bank (EXIM)***, which provides financing to facilitate the export of U.S. goods and services to support American jobs, ***would have to furlough 91% of its staff***. This reduction to its already small staff of 324 employees would have a significant effect on its work and on those businesses that rely on its programs.
- ***Users of EXIM financing, which are primarily small businesses, will be unable to secure the financing that they need to complete their export sales***, which may result in a loss of revenue and a negative effect on jobs. A lapse in appropriations would also affect large companies like Boeing, as EXIM would need to suspend all work on transactions, including underwriting and due diligence. Delays could force potential buyers to consider purchasing from foreign companies, such as Airbus.
- The loss of sales may also negatively affect companies in U.S. supply chains, including many small businesses, that contribute to the development and manufacture of U.S. exports. ***EXIM’s inability to carry out core functions could negatively affect the agency’s ability to directly***

² National Flood Insurance Fund (NFIF) balance sheet dated September 18, 2025 obtained from FEMA by the Congressional Research Service.

³ USDA, [Rural Development Plan For Operations In The Absence Of Appropriations](#) (Sep. 2021), at 5.

compete with officially supported export financing from other nations, such as the People's Republic of China, and may put U.S. exports at a significant competitive disadvantage.

- Furthermore, the Treasury Department's **Community Development Financial Institutions Fund (CDFI Fund)** would stop functioning, preventing the delivery of \$324 million in overdue funds to more than 1,400 community banks, credit unions, and loan funds. Given how CDFI leverage these funds, this will **delay the delivery of more than \$2.5 billion in affordable loans to small businesses and consumers** in rural and urban communities across the country.

INVESTORS AND BUSINESSES

- *The Securities and Exchange Commission (SEC), which oversees our nation's capital markets, would have to furlough roughly 90% of its employees and suspend most activities*, leaving only a skeletal staff to respond to emergencies.
- The SEC plays an important role in helping *businesses both large and small, as well as their investors*, to get access to capital. However, under a shutdown, they *would immediately lose access to critical funding* because the SEC would be unable to process registration statements for new issuers and offers of securities.
- *The SEC serves as Wall Street's "cop on the beat," but under a shutdown, bad actors would get a free pass* because the SEC would be unable to conduct investigative work and enforcement actions against law breakers, process and act upon whistleblower tips and information about illegal securities activity, recoup investor losses due to fraud and abuse, work to distribute funds to harmed investors, or even conduct routine oversight of self-regulatory organizations like FINRA and the PCAOB.

THE BROADER ECONOMY

- Research shows that a shutdown could *reduce economic growth by 0.2% of GDP, or roughly \$54 billion each week the shutdown lasts.*⁴
- The Federal Reserve (Fed) would have trouble getting access to key data points during a shutdown. Although the Fed is independently funded and does not receive funding through the annual appropriations process, it relies on economic data from agencies like the Bureau of Labor Statistics (BLS) and the Census Bureau that put out the monthly jobs report, key inflation metrics like the consumer price index, and other important indicators. Economic data collection is considered nonessential and would come to a halt during a shutdown, which would eventually *force the Fed to make sensitive decisions regarding inflation without the relevant data.*⁵
- This is not happening in a vacuum and comes at a time when Trump is already politicizing the Federal Reserve and economic data. Trump escalated his attempt to take over the Federal Reserve by trying to illegally fire Fed Board Governor, Lisa Cook. And in August, the BLS released a report that the U.S. job market had significantly slowed during the summer.¹⁵ Hours later, President Trump fired the BLS Commissioner, Erika McEntarger, claiming without evidence that the weak employment data were manipulated for political purposes.¹⁶ Despite the firing, unemployment continued to rise in August, increasing to 4.3 percent.¹⁷ Trump could use the shutdown to further suppress poor economic data, caused by his tariffs and other policies.

⁴ Politico, [What a government shutdown means for the US economy](#) (Sep. 29, 2025).

⁵ See, e.g., Reuters, [Wall Street left in the dark on US data if shutdown happens](#) (Sep. 30, 2025).