

The Shutdown Stabilizer — Implementation Outline

Operational framework for payroll continuity during federal shutdowns

Scott Jellen
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Status: Implementation Outline (Public Draft)

1. Short Title

The Shutdown Stabilizer

2. Purpose

The Shutdown Stabilizer establishes a standing mechanism to maintain payroll continuity for essential federal employees during a lapse in appropriations.

The system enables the U.S. Treasury to continue issuing scheduled compensation to covered employees during a shutdown period, with all payments treated as temporary advances and reconciled automatically once appropriations are restored.

3. Definitions

Essential Employee

A federal employee designated as excepted or otherwise required to continue performing duties during a lapse in appropriations under existing federal shutdown guidance.

Shutdown Period

A lapse in appropriations resulting in a partial or full suspension of federal funding operations as defined under the Anti-Deficiency Act and related guidance.

Covered Compensation

Salary, wages, and standard payroll obligations owed to essential employees for work performed during a shutdown period, excluding bonuses, discretionary payments, or new compensation authorizations.

4. Establishment

A Treasury Payroll Continuity Authority is established to maintain payroll continuity for essential federal employees during a shutdown period.

This authority permits the U.S. Department of the Treasury to issue scheduled payroll payments to covered employees notwithstanding a lapse in appropriations, subject to the conditions defined in this outline.

The authority is limited in scope to covered compensation for essential employees and does not extend to new hiring, expanded compensation, or non-essential personnel.

5. Activation

The Treasury Payroll Continuity Authority activates automatically upon the occurrence of a shutdown period.

Activation requires no additional administrative or legislative action once a lapse in appropriations is determined under existing federal procedures.

The authority remains active for the duration of the shutdown period and terminates upon the restoration of appropriations.

6. Payment Authority

During an active shutdown period, the U.S. Department of the Treasury shall continue issuing covered compensation to essential employees on the standard payroll schedule.

Payments issued under this authority are:

- limited to compensation for employees required to continue performing duties during the shutdown period
- follow existing payroll systems, schedules, and administrative processes
- do not alter underlying compensation structures or entitlements

All payments issued under the Treasury Payroll Continuity Authority are recorded as temporary advances against future appropriations.

7. Reconciliation

Upon the restoration of appropriations, all payments issued under the Treasury Payroll Continuity Authority are automatically reconciled against the applicable agency appropriations.

Reconciliation is executed through standard federal accounting processes, with funds disbursed during the shutdown period treated as obligations against the subsequent appropriations covering the affected agencies.

No additional compensation is created through this process. Payments represent the timing acceleration of compensation already owed for work performed.

8. Safeguards

The Treasury Payroll Continuity Authority is subject to the following constraints:

- **Time Limitation**
The authority remains active only for the duration of a shutdown period and terminates automatically upon the restoration of appropriations.
- **Scope Limitation**
The authority applies exclusively to covered compensation for essential employees and does not extend to non-essential personnel, new obligations, or expanded compensation.
- **Reporting Requirement**
The Department of the Treasury shall provide a summary report following each shutdown period detailing total payments issued under the authority and the timeline of reconciliation.

9. Authorization

The Treasury Payroll Continuity Authority shall be supported by sufficient capacity to maintain payroll continuity during a multi-month shutdown scenario.

Based on historical agency contingency planning assumptions:

- approximately 600,000 to 850,000 essential federal employees under typical conditions, with upper-bound scenarios approaching 1,000,000
- average monthly compensation of approximately \$6,000

The estimated monthly payroll exposure ranges from approximately \$3.5 billion to \$5.5 billion under typical scenarios, with upper-bound exposure approaching \$6 billion.

A reserve or authorized capacity in the range of \$10–15 billion is sufficient to maintain payroll continuity across extended shutdown periods under typical conditions.

Estimates derived from historical federal shutdown contingency plans and workforce composition assumptions.

Author: Scott Jellen

Contact: scottjellen.com