

Shutdown Prevention and Economic Impact

Request

We urge Congress to:

- Amend the Anti-Deficiency Act to allow the continuity of operations and public access to lands and collections at federally operated museums, national parks, national monuments, national forests, and national historic sites during any future funding gap.
- Recognize museums' significant economic impact when considering federal funding measures and oppose any effort to restrict the eligibility of museums—including zoos and aquariums—to compete for funds made available by the federal government.

Introduction

Federal agencies receive discretionary funding through a series of 12 annual appropriations bills. When the process of enacting these bills is not completed on time and Congress fails to enact provisional funding (usually through a “continuing resolution” or “CR”), a funding gap occurs. The Anti-Deficiency Act (31 U.S.C. § 1342) prohibits the obligation or expenditure of federal funds in the absence of appropriations, forcing many federal entities to close. Exceptions are made for activities involving “the safety of human life or the protection of property.”

Government shutdowns occur with some frequency; there have been 20 of them since 1976. During the 16-day shutdown in October 2013, hundreds of museums nationwide—as well as national parks, forests, monuments, and historic sites—were forced to close their doors. This prevented the public from enjoying artworks, historic treasures, and lands that are intended to be held in the public trust. The economic impact of these closures was devastating, not just for the entities themselves, but for many businesses that rely on the tourism they generate. The damage from the 35-day 2018-2019 partial government shutdown—the longest in US history—was enormous and cost the government a total of \$11 billion. The Smithsonian lost an estimated \$3.4 million in revenue and the National parks lost more than \$10 million in revenue. Museums, the vast majority of which are 501(c)(3) nonprofits, rarely benefit from tax incentive programs for increasing site sustainability. Grants and forgivable loans are more useful sources of government funding to support museums' sustainability goals.

Museums' Economic Impact:

- Museums are job creators, pre-pandemic, supporting more than 726,000 jobs and contributing \$50 billion to the US economy per year. They attract tourists, promote economic development, and make communities more desirable for employers.
- Cultural and heritage tourism travelers—including visitors to museums—spend 60 percent more and stay longer than other leisure travelers, according to data from Mandala Research.
- The economic activity of museums generates more than \$12 billion in tax revenue, one-third of it going to state and local governments.

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- Polling conducted by Ipsos found that Americans are well aware of this immense impact, with 89% agreeing that museums contribute important economic benefits to their community's economy.
- The October 2013 shutdown had a tremendous impact on museums:
 - The National Park Service estimates that \$500 million in visitor spending was lost, causing significant economic damage to communities surrounding national parks and monuments.
 - The Smithsonian Institution lost \$4 million in store, theater, and special events revenue.
 - The USS Constitution Museum (MA) was forced to close because it is located on the grounds of the Charleston Navy Yard. The museum attempted to remain open to the public, creating "museum on the move," a pop-up tent with hands-on activities, samples of Old Ironsides' wood and souvenirs. However, the museum lost more than \$100,000 in donations and gift shop sales during the shutdown.
 - The US Travel Association calculated that the shutdown cost the US travel economy \$152 million per day and put 450,000 US workers supported by the travel industry at risk of experiencing temporary layoffs, reduced wages, and decreased hours.
- The damage from the 35-day 2018-2019 partial government shutdown—the longest in US history—was enormous and cost the government a total of \$5 billion and included:
 - The Smithsonian—19 museums including the Cooper Hewitt design museum in New York and the National Portrait Gallery (NPG) and National Museum of African American History and Culture in Washington, DC, along with the National Zoo—lost an estimated 1 million visitors. The National Gallery of Art lost an estimated 334,000 visitors, including 11,700 schoolchildren.
 - The Smithsonian also lost an estimated \$3.4 million in gross revenue from its gift shops, concessions and IMAX film screenings, which can never be gained back. The National Gallery of Art lost an estimated \$1.2 million in gross revenue from its shops and restaurants.
 - National parks lost between \$10 million and \$11 million in revenue.

Talking Points

- Collections held in the public trust at the nation's museums and national parks belong to the American people. Congress should ensure that the public is able to access public collections.
- The travel plans of millions of Americans—not to mention countless international visitors—were disrupted when the nation's public treasures were closed to the public. In many cases, the opportunity to visit these cultural treasures was once in a lifetime.

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- While federal employees were eventually paid for the days they were on furlough, local small businesses that rely on cultural tourism for their livelihoods suffered a serious loss and will never recoup that revenue. Contract workers, such as food-service workers, janitors, and security guards who work with federally operated museums and national parks, were largely not fully compensated.
- History shows that funding gaps are always a possibility. Even the threat of a temporary funding gap can cause significant disruptions in our nation's federally operated museums.
- Federal government shutdowns create hardships for many segments of society, and we do not discount the plight of other entities compared to that of museums, national parks, and their communities. The continuity of public access to our national collections contained in national parks and museums—and the related economic impacts—makes a compelling case for an adjustment to the Anti-Deficiency Act.