NATIONAL ENDOWMENT FOR THE ARTS

Agency Operations in the Absence of Appropriations

Lapse Plan Summary Overview	
Estimated time (to nearest half day) required to complete shutdown activities:	*.5 days*
Total number of agency employees expected to be on board before implementation of the plan:	*98*
Total number of agency employees expected to be furloughed under the plan (unduplicated count):	*94*
Total number of employees to be retained under the plan for each of the following categories:	
Compensation is financed by a resource other than annual appropriations:	*0*
Necessary to perform activities expressly authorized by law:	*0*
Necessary to perform activities necessarily implied by law:	*4*
Necessary to the discharge of the President's constitutional duties and powers:	*0*
Necessary to protect life and property:	*0*
Brief summary of significant agency activities that will continue during a lapse:	
The Agency understands that if appropriated carryover balances are apportioned and available, the Agency may be legally required to obligate and expend them. When a lapse arises, the Agency will assess its available appropriated carryover, and, to the extent that the Agency has available apportioned carryover balances, the Agency will retain staff working in support of the National Garden of Heroes and other actions that directly support A250. No other activities will be undertaken during the lapse unless it is an excepted function. Planning and preparation of the Fiscal Year 2027 Budget is an excepted activity.	
Brief summary of significant agency activities that will cease during a lapse:	
Once apportioned carryover balances are expended, agency operations will cease and only excepted functions will continue with staff excepted to perform activities necessarily implied by law.	

I. PURPOSE. This directive provides contingency planning in the event of a funding hiatus caused by the Congress failing to enact regular appropriations, a continuing resolution, or needed supplementals, resulting in an interruption in funds availability.

II. POLICY. It is the Agency's policy to develop, maintain, and revise as necessary, in accordance with applicable laws and guidance, a plan for shutdown of Agency operations when fund availability is interrupted.

III. REFERENCES. Office of Management and Budget (OMB) Memorandum M-95-18,

August 22, 1995; OMB Circular No. A-11 (2017); Opinion from the Department of Justice Office of General Counsel, August 16, 1995 (and all references therein, including the Antideficiency Act (3 I USC §1341, *et seq.)).*

IV. PLAN. When a lapse arises, the Agency will assess its available appropriated carryover, and, to the extent that the Agency has available apportioned carryover balances, the Agency will retain staff working in support of the National Garden of Heroes and other actions that directly support A250. No other activities will be undertaken during the lapse unless it is an excepted function.

In the event of a funding hiatus and in the absence of appropriated carryover balances, and following direction from the OMB as well as other applicable Federal agencies, such as the Office of Personnel Management (OPM), the Agency will proceed with the orderly shutdown of operations, including all grantmaking, beginning on the first workday of the hiatus, and will limit all work activity to actions necessary for a shutdown and otherwise permitted by law. It is estimated that the shutdown actions will require not more than one-half workday.

This plan assumes that such a hiatus would be temporary and of short duration; no action will be taken that will impede the orderly commencement of operations once funds are available. The Chair or designee will notify all Office heads and supervisors regarding which personnel are designated as being excepted from the shutdown, not to exceed five percent of the Agency's on-board employees at the time of the funding hiatus, as well as the duration of each exception. The following positions (in addition to the Chairman or designee) are to be excepted from furlough:

Chief of Staff
Senior Deputy Chair
Director for Management and Budget
General Counsel

In addition, the Inspector General, as head of the independent Office of the Inspector General within the Agency, has determined that the Inspector General shall be excepted from furlough.

Employees not designated as excepted will be furloughed for the duration of the shutdown. The Chairman or designee has authorized the Director for Management and Budget to modify the designation of excepted employees as necessary to accommodate unforeseen circumstances, consistent with any limitations provided as to the total number of Agency positions that may be designated as excepted during an appropriations lapse resulting in an Agency shutdown.

The following specific actions will be taken to effect the shutdown:

A. Employees will be advised by the Chairman or designee of a possible funding hiatus as soon as such an event is deemed significantly likely by management.

B. Pending guidance from OMB, on the first workday of the hiatus all employees would be expected to report to work as scheduled. The Chairman or designee and/or the

Office of Human Resources will inform employees of the status of funding and instruct them to limit their work activities to those functions necessary for the orderly cessation of operations, as determined by management.

C. Supervisors will be responsible for notifying absent employees of the furlough as soon as possible. Pursuant to the Antideficiency Act (31 U.S.C. 1341 et seq.), it is the Agency's policy that all paid leave (including annual, sick, comp leave, credit hours, etc.) will be canceled during an emergency furlough. Specific information pertaining to certain types of leave and employee work status follows:

(1) On Annual Leave. Supervisors must make every effort to reschedule the cancelled annual leave (AL) for use before the end of the current leave year, especially if such leave may be subject to forfeiture at the beginning of the subsequent leave year. If an employee has approved AL scheduled, the employee may opt to take his or her time away as planned prior to the start of the furlough period and to resume (or start, if applicable) AL status after the funding hiatus ends. Retroactive payment of AL, if any, for the furlough period will not be authorized except as provided for in the language of a subsequent appropriations bill.

(2) On COP Leave. Employees absent on continuation of pay (COP) leave in connection with a job-related injury at the time of the lapse of appropriations will be treated in accordance with then-current applicable regulations.

(3) On Advanced Sick or Annual Leave. No advanced sick or annual leave is authorized for use during a funding hiatus. Upon a lapse of appropriations, such leave must be cancelled and the employee furloughed, in accordance with this document.

(4) On Travel. Employees on travel status must be contacted by their supervisors and told that they will be furloughed as of the completion of shutdown activities and are required to return to their official work site immediately. The employee will be paid the appropriate per diem for travel to return to their duty station. However, the retroactive payment of salary and/or per diem for the furlough period will not be authorized except as provided for in the language of a subsequent appropriations bill.

(5) At Local Training. Employees absent from the worksite in connection with training at local facilities must be advised by their supervisor that they will be placed on furlough for the duration of the funding hiatus.

(6) On Details. Employees on non-reimbursable details to other agencies must be notified by their supervisor of the exact date and time at which they are to be furloughed (i.e., at the conclusion of the shutdown process) and instructed to notify the appropriate officials of the agency to which detailed of their furlough status. Employees on a reimbursable detail from the Agency would not be subject to furlough due to lack of funds if full reimbursement continued. If reimbursement were reduced or eliminated, the employee would be subject

to furlough. Employees assigned to non-Federal organizations who are on leave without pay from their Federal positions may continue working.

(7) IPA Service. Whether individuals who are working under mobility agreements pursuant to the Intergovernmental Personnel Act (IPA), either inside the Agency or with other organizations, are furloughed will depend upon the nature of individual agreements, the status of the appointments, and/or the funding arrangements for the assignments. As a general rule, the following principles are applicable in determining whether to furlough personnel on IPA mobility assignments: (a) personnel from non-Federal organizations on appointments to the Federal government are subject to furlough in the same manner as other employees; (b) personnel on detail to Federal agencies from non-Federal organizations may continue working, provided that the non-Federal organizations pay the total costs of the detail; (c) personnel on detail to Federal agencies from non-Federal organizations which share part of the costs of detail may continue to work if the Federal portion of the cost was obligated from prior appropriations at the time of the IPA mobility agreements; in the event that a furlough takes place in the second year of the agreement at which time no funds are appropriated, the assignment should be terminated; (d) personnel on detail to Federal agencies from non-Federal organizations which do not pay or share the costs of the detail are subject to furlough in the same manner as other employees.

Those individuals who are in travel status at the time of the appropriations lapse who are not furloughed may continue on their assignment or return to their official work site. Per diem and travel expenses will be paid for the return travel, whenever it occurs. However, per diem at the travel site for the period covered by the funding hiatus will be paid only as the language of a subsequent appropriations bill permits. Those not in a travel status or who are returning from travel during the furlough period will be expected to continue in a work status during the furlough period, or until expiration of the IPA agreement, whichever is earlier. Building facilities and services, however, should not be used during the funding hiatus. Individuals will be paid in accordance with their specific agreements for the hiatus period.

D. Work performed under contracts, grants, and cooperative agreements may also be affected by a government shutdown during a lapse in appropriations; specific information follows:

(1) Contracts. In most cases, contractors working for the Agency, whether on-site or off, must stop working when federal employees are furloughed and will not be reimbursed subsequently for work not undertaken due to the government furlough. In certain circumstances (e.g., when funds have been obligated and the contractor's work does not require Agency supervision or approval during the shutdown period), work may continue. One of the Agency's Contracting Officers will provide specific guidance to contractors if a determination is made that work may not continue during the shutdown period. Contractors should not expect to receive any payments from the Agency during the

shutdown period. Expenses incurred by reason of necessary cancellations may be paid when funds are restored, consistent with applicable requirements and Congressional authorization.

(2) Grants and Cooperative Agreements. In most cases, if grant or cooperative agreement funds have been obligated, and continued federal government supervision or support is not critical to the grantee's or cooperator's continued performance during the period, the work supported through the award may continue. The Agency's Grants Office will provide specific guidance to award recipients if a determination is made that work may not continue during the shutdown period. Awardees should not expect to receive any payments from the Agency during the shutdown period.

E. Official files will be secured as they would be if the Agency were to be closed for a long weekend. Employees should ensure that official papers for which they are responsible are secured.

F. Administrative processing of the payroll for the pay period will continue as necessary to ensure that employees are paid on time for all work prior to the shutdown.

G. Panel meetings (and other onsite Agency meetings with outside parties), with a duration of one day or less, scheduled to occur on the first day of the hiatus, may be held, assuming that all meeting costs have already been obligated. If any other meetings are scheduled to occur during the first week of the hiatus, for which all funds have been obligated, their status will be determined by the Chairman or designee. Any other meetings will be canceled.

H. The Director of Administrative Services will coordinate with all appropriate Federal and non-Federal parties to ensure continuity of security services.

I. It is expected that the Agency shutdown will be completed within one-half workday of receiving direction from OMB to shut down. Office heads will take such actions as necessary to ensure orderly accomplishment of this goal.

J. While the Chairman or designee will notify employees when the funding hiatus is ending, it is nevertheless the employee's responsibility to stay informed as to the status of Agency funding during the hiatus. Employees are expected to report to work as scheduled on the first workday after the enactment of an appropriation or continuing resolution that makes funds available to the Agency.

V. EMPLOYEE BENEFITS. In the event of a funding hiatus, many benefits continue automatically; OPM's website provides details. Below are some highlights:

A. Unemployment Compensation Benefits. Furloughed employees may be eligible for unemployment compensation, especially if they are on consecutive furlough days. Eligibility for unemployment compensation is dependent upon the state in which an employee works. Employees who wish to apply for unemployment compensation

should contact the unemployment insurance office for the state in which the employee lives or works for specific guidance.

B. Health Benefits Costs. As noted on OPM's website, health benefits continue during a furlough, even though the Agency is prevented from making premium payments on time.

C. Leave Accrual. For leave accrual purposes, the effect of the furlough period for covered employees will be as described below:

(1) Full-Time Employees

a. Under current leave regulations, no sick or annual leave accrual will be credited for any pay period during the leave year in which an employee accumulates 80 hours in a non-pay status. Therefore, the regular leave accrual will be credited to all employees for each pay period during part of which the employee is in a pay status, unless the furlough time or the combined furlough time and previously accumulated leave without pay (LWOP) equals or exceeds 80 hours.

b. In addition, no leave will be earned or credited for any pay period during which an employee is in a non-pay status for the full pay period. If furloughed employees are returned to duty for a partial pay period following a pay period in which they were in a non-pay status for the entire pay period, leave accrual will be pro-rated based on the number of days in a pay status.

(2) Part-Time Employees. Part-time employees will continue to be credited with leave based on the number of hours in a paid status.

D. Retirement and Life Insurance. For most employees, these two benefits remain unaffected by the furlough period. However, employees for whom the furlough period, when added to previously accumulated LWOP, will cause the total non-pay time to exceed six months in the current calendar year or twelve consecutive months, should contact the Office of Human Resources for additional information.

The Office of Human Resources will notify the National Finance Center of the furlough actions on employees receiving military, retired, or retainer pay.

VI. INFORMATION CONTACT. For more information about this directive, contact the Deputy Chairman for Management and Budget.

Approved: Date: 10/1/2025

Title: Senior Advisor to the Chair