Democracy Dies in Darkness

4 phone calls furloughed workers can’t afford to skip during the shutdown

We don’t know how or when this shutdown ends. But there are resources to help if you’re not getting a paycheck.

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Column by Michelle Singletary

There is financial advice I’ve grown tired of giving.

During the last federal government shutdown, when I offered guidance for furloughed workers, I received one reader comment that still resonates: “This survival guide is in what, its fifteenth edition?”

My husband was a federal worker for 30 years before he retired in 2023. My best friend retired from the Department of Housing and Urban Development last year. Hundreds of people who attend my church are employed by various federal agencies.

Every time there’s a threat of a federal shutdown — or when one actually happens, even for just a few days — I find myself comforting the worried. Each of these crises involves guiding people on what to do if or when their pay stops. After years of witnessing this cycle, and in many cases becoming a financial grief counselor, these political showdowns have become deeply personal.

Now, two weeks into the latest closure, I’m again fielding questions from people stressed about paying their bills because Congress can’t do its job and pass a budget. The concern is understandable. There’s precedent for a long standoff. The 2018-19 closure lasted 34 full days, the longest-ever federal shutdown.

We don’t know how or when this shutdown ends. But if you’re living paycheck to paycheck, there are four calls you should make if you face a disruption in your income.

State unemployment office

Federal employees and contractors who can’t work and go unpaid because of the shutdown might be eligible for unemployment insurance benefits.

This could be the most immediate source of replacement income if the shutdown drags on.

Apply now. It generally takes two to three weeks after you file your claim to receive your first benefit check, according to the Department of Labor. If a shutdown is short-lived, you can cancel your claim.

Federal employees can apply for unemployment benefits starting the day they’re furloughed. Generally, you should file your claim in the state where your last official duty station was located, according to guidance from the Office of Personnel Management.

A word of caution: In most states and the District of Columbia, workers (whether public or private sector) who receive unemployment benefits and later get retroactive pay from their employer must repay the benefits. If you have to repay the money, most states allow an individual to set up a payment agreement with monthly installments. If you can't afford to pay back the funds, ask your state whether you qualify for a waiver.

To find your state office, go to CareerOneStop.org. Under the tab "Find Local Help," you'll see the unemployment benefits finder. Use the drop-down menu to find your state and the information on how to apply.

Primary lender

Communication is key.

Don't wait until you're about to miss a payment on your mortgage or auto loan. Call now. Ask about your options.

Many lenders are offering relief to furloughed federal workers and contractors, including fee waivers, loan modifications, payment deadline extensions and flexible payment options, according to the American Bankers Association, which has begun compiling a list of publicly announced actions that banks are taking to assist customers. On aba.com, search for "federal government shut down."

To name just one example, TD Bank announced at the start of the shutdown that affected clients may request refunds for certain fees, including overdraft and monthly maintenance fees. The bank will also waive the early withdrawal penalty on CDs.

Your primary bank or credit union

Contact the financial institution where you have your paycheck direct-deposited. Some banks and credit unions are offering short-term loans to bridge the gap until your back pay arrives.

For example, Navy Federal Credit Union is offering zero percent loans to eligible members. Military service members, federal employees and government contractors who have their federal paychecks deposited directly with the credit union could qualify for the loans.

Even someone who received a full or partial paycheck for the most recent pay period may still be eligible for assistance, so enrolling now ensures they're covered if the disruption continues, a Navy Federal spokesperson said in an email.

During the previous government shutdown, Navy Federal disbursed 32,000 loans totaling $53 million to 19,000 members, according to the spokesperson.

"In the current environment, we're seeing a significant uptick in participation in our paycheck assistance program, which we believe reflects the uncertainty many are feeling about a timely resolution to the ongoing shutdown," the spokesperson said.

Nonprofit credit counselor

It's not just federal workers who face financial hardship. Maybe your work hours fluctuate, depending on the spending of tourists or folks on the federal payroll, such as hospitality and restaurant workers. But unlike federal employees, you aren't guaranteed back pay.

Even when you were getting paid, you might have had no margin for a financial shock. The shutdown is just the latest setback. Sometimes financial strain can bring deliverance.

Or maybe you've been promising yourself to get better at managing your money, and now this furlough is forcing you to confront the issues you knew were always there — such as overspending, too much debt or not enough discipline to build an emergency fund.

If you have been having trouble with budgeting, get help. Certified credit counselors can work with you to manage your expenses and track your spending. An agency can also help you negotiate with creditors and set up a debt payment plan.

To find a local agency, go to the National Foundation for Credit Counseling's website, nfcc.org, or call 844-865-2828.

Please avoid debt settlement companies. This relief is not cheap. I have seen contracts in which borrowers were charged several thousand dollars to settle their debt. Many people never get the debt relief they were promised.

Stick with a nonprofit credit counseling agency.