

# What Counties Need to Know When a Government Shutdown Happens



SEP 30, 2025

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A federal government shutdown, technically a "lapse in appropriations," occurs when Congress fails to pass the necessary legislation to fund government operations and agencies. The U.S. Constitution requires that no money be spent from the U.S. Department of Treasury without the approval of Congress. As a result, Congress needs to pass 12 appropriations bills to fund the various federal agencies. If these bills are not passed and signed by the president by the start of the new fiscal year on Oct. 1, a "lapse in appropriations" will occur, triggering a shutdown. During a shutdown, federal agencies are required to cease many activities, which will significantly impact counties' ability to deliver key services for our residents.

Continuous, predictable federal funding remains crucial for counties as intergovernmental partners. While county governments continue to generate over two-thirds of our own revenue to provide services to residents, counties also receive \$62 billion in intergovernmental revenue from the federal government.

Counties call on our federal partners to work in a bipartisan way to keep the federal government fully operational. With negotiations on Fiscal Year (FY) 2026 appropriations still ongoing and a

government funding deadline of Sept. 30, 2025, counties are preparing to manage the potential impacts of a federal shutdown and to minimize the disruption felt by residents.

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## County Government Shutdown FAQs

Explore what counties need to know if the federal government shuts down.

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### What will happen to mandatory programs that bypass the regular appropriations process when the federal government shuts down?

Funding for programs that do not rely on the regular appropriations process will remain available. Examples of programs outside the appropriations process that receive automatic funding include:

- Children's Health Insurance Program (CHIP)
- Medicaid
- Mandatory portion of the Child Care Development Fund (CCDF)

However, many mandatory programs require an active authorization to receive funding in the new fiscal year. The following programs are set to expire on Sept. 30, 2025, and will not receive new funding absent congressional action:

- Temporary Assistance for Needy Families (TANF)
  - The mandatory portion of Community Health Centers
  - National Flood Insurance Program (NFIP)
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### What will happen to mandatory programs that are funded in appropriations acts when the federal government shuts down?

Most of these programs will not have access to new funding during a shutdown, but states will be entitled to reimbursement once funding is enacted and made available. Counties responsible for administering these programs will need to work with their state to receive reimbursements. Examples include:

- Social Services Block Grant (SSBG)
- Promoting Safe and Stable Families
- Supplemental Nutrition Assistance Program (SNAP)

These programs continue to have access to any carryover funding from previous years.

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## Which programs already have funds available for FY 2026?

A handful of discretionary (not mandatory) programs will not be immediately affected by a shutdown because they received FY 2026 funding in the FY 2025 year-long CR. Examples of these programs include:

- Title I Grants to Local Educational Agencies
- Special Education Grants to States
- Career and Technical Education state grants
- Workforce Innovation and Opportunity Act (WIOA) Title I formula grants

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## Federal Government Shutdown's Effect on Counties



### U.S. Department of Agriculture (USDA)

- USDA remains a vital federal partner to counties, providing resources that extends well beyond agriculture. Through its programs in farm support, food assistance, conservation, and rural development, USDA enables counties to sustain agricultural producers, ensure food security, manage natural resources and support county investments in infrastructure and services across rural America.

- Pauses in the critical services of the Farm Service Agency, Natural Resources Conservation Service, Food and Nutrition Service, U.S. Forest Service and Rural Development will impact service delivery for county governments and our residents.

To view the USDA shutdown contingency plan, click [here](#).

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## U.S. Forest Service (USFS)

- Training will be halted for thousands of western firefighters. USFS will not be able to pay for contracts for the equipment needed. No federal employees will be working to reduce dry “fuel” that feeds catastrophic blazes.
  - Full closure or partial staffing presence at federal lands sites will lead to canceled trips, reduced tourism and public safety issues (such as illegal campfires) on federal lands.
  - Search and rescue or law enforcement operations will be curtailed, forcing counties to take on a greater share of the burden.
  - Permits for projects on public lands (such as applications for permits to drill for oil/gas) will be backlogged even further.
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## USDA Rural Development (USDA RD)

- USDA Rural Development provides critical sources of financial and technical assistance for rural counties and our residents, helping counties invest in essential infrastructure, broadband, entrepreneurship and more.
  - In the event of a shutdown, new loans, grants and guarantees will be suspended, and most state and field staff will be furloughed. Only limited functions — such as servicing existing loans, managing escrow accounts and carrying out legally required tasks — will continue to protect federal property and obligations.
  - Counties should expect immediate delays in USDA RD-backed projects awaiting approval, technical support or financial closing. Although existing loans and rental assistance contracts may continue to be serviced if funding is available, county staff and residents will lose access to most on-the-ground USDA staff, making it difficult to receive guidance or resolve issues during the shutdown.
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## Food and Drug Administration

- At the FDA, routine inspections, guidance development, staff training and technical assistance programs that would otherwise support local health inspectors will be curtailed.
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## Supplemental Nutrition Assistance Program (SNAP)

- As the largest federal nutrition program reaching nearly 42 million households, SNAP is a foundational part of the social safety net.
  - Counties are responsible for administering the program in 10 states that represent approximately 34% of total participants, or 14.6 million people.
  - During a shutdown, SNAP administrators will not be able to access new funds. However, operations will continue at least through October 2025 using multiyear carryover funds and contingency reserves.
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## Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

- WIC provides nutrition support to low-income pregnant, postpartum and breastfeeding women, infants and young children deemed nutritionally at risk.
- WIC is administered through 1,900 local agencies in 10,000 clinic sites. Nearly 50% of local WIC agencies are part of local government, including counties, while clinic sites include county health departments and other county agencies.
- Because WIC is a discretionary program, it will receive no new funding during a shutdown. At that time, federal contingency funds will only sustain benefit delivery for a few days. After that, states will need to rely on their own funding streams to keep the program running in the short term, which they will be able to do to varying degrees.

## U.S. Department of Health and Human Services (HHS)

*To view the HHS shutdown contingency plan, click [here](#).*

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## Disproportionate Share Hospital (DSH) Payments

- Counties employ over 533,000 hospital and healthcare workers and own or support more than 900 public hospitals that provide inpatient medical and specialized care critical for low-income and uninsured individuals.

- The Medicaid Disproportionate Share Hospital (DSH) program provides critical financial support to hospitals that serve disproportionately large proportions of the nation's most vulnerable populations, including children, low-income individuals, people with disabilities and older adults.
  - The Medicaid DSH cut for Fiscal Year (FY) 2026 is \$8 billion and will go into effect on Oct. 1, 2025, unless Congress acts. The program is scheduled to be reduced by another \$8 billion for each of FYs 2027–2028 (\$24 billion total over the next three fiscal years).
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## Temporary Assistance for Needy Families (TANF) Program

- TANF is a federal entitlement program providing federal funding to states, tribes and territories for a wide range of benefits, services and activities to address both the effects of and the root causes of poverty. Nine states delegate TANF administration to county agencies, which contribute significant local funds to administrative and supplemental costs of running the program.
  - The Temporary Assistance for Needy Families (TANF) program expired on Sept. 30, 2025. Given that TANF's reauthorization is tied to the funding extension, the program cannot issue first-quarter payments.
  - To ensure residents continue to receive TANF benefits, states may use unspent funds or Maintenance of Effort (MOE) dollars to continue the program. However, the ability of states to sustain TANF funding may vary based on their financial situations.
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## Title IV-B (Child Welfare Services)

- Title IV-B includes mandatory and discretionary funding to support child welfare programs with the goal of keeping families together. These dollars can support state programs that protect and promote the welfare of all children, prevent the neglect, abuse or exploitation of children, support at-risk families, promote the safety, permanence and well-being of children in foster care and adoptive families and provide training, professional development and support to ensure a well-qualified child welfare workforce.
  - Authority for Title IV-B expired on Sept. 30, 2025. Given that Title IV-B reauthorization is tied to the funding extension, the program cannot issue first-quarter payments. While states may be able to bridge the gap using their own dollars, the financial circumstances around their ability to do so may vary.
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## Head Start

- Head Start targets children under age five from low-income families with comprehensive programming to meet their emotional, social, health, nutritional and psychological needs and bolster school readiness.
- County governments often play an important role in the operation of Head Start and Early Head Start programs, whether by directly serving local grantees and/or by contributing supplemental funding to support the program.
- At this time, there are six Head Start grantees serving an estimated 6,500 children and families whose grants begin on Oct. 1, 2025, meaning they will be impacted by a shutdown. The ability of these programs to stay open will vary by grantee.

## **U.S. Department of Education (ED)**

- K-12 education is a state–local partnership in which counties play varying roles, as most states give school boards primary authority. Counties often help fund schools through property and other local taxes, with states providing the remaining share.
- The majority of K-12 funding under the ED is provided the following July, and a portion of funding for the Individuals with Disabilities Education (IDEA) Act, and Titles I-A and II-A is advance-funded and becomes available on October 1 of the next fiscal year, which historically allows it to be distributed as usual despite a shutdown.
- According to the ED [contingency plan](#), the agency will continue to disburse student aid and make Title I and IDEA grant funding available as usual.

*To view the ED shutdown contingency plan, click [here](#).*

## **U.S. Department of Homeland Security (DHS) & U.S. Department of Justice (DOJ)**

- Most of DHS will continue operating, as many of its functions relate to the protection of life and property and are exempt from the shutdown.
- During the federal government shutdown, counties will continue justice and public safety operations; however, the grants that fund these programs will be impacted.
- As part of the shutdown impacting DHS and DOJ, federal agency grants staff will be unavailable to provide the technical assistance that counties may need to comply with grant requirements.
- Grant applications from DHS will not be processed due to the shutdown. This will present fiscal uncertainty for counties as they work to continue critical public safety services.
- FEMA's Disaster Relief Fund (DRF) will not be impacted by a shutdown, and activities funded through the DRF will continue.



- The State and Local Cybersecurity Grant Program's authorization will expire on Sept. 30, 2025. Without reauthorization, the discretionary grant program will cease to have new resources available to counties.
- Approximately 65% of the Cybersecurity and Infrastructure Security Agency's (CISA) workforce will be placed on non-duty, non-pay shutdown furlough in the event of a government shutdown, potentially limiting the capacity of the agency to support counties through agency resources and programming on cybersecurity needs.

*To view the DHS shutdown contingency plan, click [here](#).*

*To view the DOJ shutdown contingency plan, click [here](#).*

## **U.S. Department of Housing and Urban Development (HUD)**

- HUD has identified essential functions necessary to 1) protect life and property, or 2) perform statutorily required duties, and is expected to operate at just under 30% capacity during the funding lapse.
- Funding for flagship HUD programs such as the Community Development Block Grant (CDBG) program and the Home Investment Partnerships (HOME) program will remain available due to advance funding. These programs require HUD approval of a grantee's consolidated plan prior to receiving awarded funds. Plans that remain unapproved following the 45-day shot-clock for processing are expected to be automatically deemed approved.
- Administration of Section 8 Housing Vouchers will generally remain operational to the extent that funding is available. Priority will be given to existing commitments rather than approval of new recipients or projects.
- HUD's Office of Community Planning and Development is expected to continue awarding Continuum-of-Care funding to the extent necessary to prevent gaps in service delivery. This is also contingent on availability of funds.
- HUD's Office of Housing will continue to perform the minimum necessary activities to maintain the Federal Housing Administration's (FHA) portfolio of insured mortgages.

*To view the HUD shutdown contingency plan, click [here](#).*

## **U.S. Department of Labor (DOL)**

- DOL issued a contingency guidance document on Sept. 26, 2025, outlining a roughly 75% reduction in force, agency wide.
- Workforce Innovation and Opportunity Act (WIOA) Title I Grant funding will remain available through advance funding.
- Job Corps centers will remain operational in all locations that involve housing of students.

*To view the DOL shutdown contingency plan, click [here](#).*



## U.S. Department of Transportation (USDOT)

- Counties are involved in a third of the nation's public airports. If a shutdown occurs, TSA agents working without pay may not report to work, creating congestion and safety concerns.
- Further impacting air travel, thousands of Federal Aviation Administration (FAA) employees who are not air traffic controllers or safety inspectors will not report to work. This will include personnel who conduct facility security inspections, evaluations and audits; capital planning for facilities and equipment; financial operations; law enforcement assistance support; and most administrative support functions — among many others.

*To view the USDOT shutdown contingency plan, click [here](#).*

## U.S. Environmental Protection Agency (EPA)

- Funding for Clean Water/Drinking Water State Revolving Fund (SRF) programs and brownfields grants will be halted.
- Most inspections of hazardous waste management sites and chemical facilities will be stopped.

*To view the EPA shutdown contingency plan, click [here](#).*

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## Questions?

NACo is here to help. Send a message to NACo's Government Affairs Team.

[Government Affairs Team](#)

## TAKE ACTION

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