

Government Shutdown: What Should Nonprofits Do?

September 2025

Congress must enact a full-year spending bill or a short-term gap measure before the start of the new federal fiscal year on October 1, or it [risks a government shutdown](#) that could harm nonprofit organizations nationwide and their ability to provide essential services to the American people. The longer a government shutdown lasts, the more severe the negative impacts; a long-term shutdown can significantly delay payments to nonprofit organizations, disrupt critical services, increase costs, reduce impact, and make public-private partnerships less effective.

Preparing now can help your organization weather this uncertainty. Nonprofits should take action to protect their organizations and the people they serve from the negative impacts caused by a government shutdown.

What is a Government Shutdown?

A government shutdown occurs when Congress is unable to enact legislation to keep the government open and funded. During a government shutdown, federal agencies cannot spend or obligate congressionally approved funding. Agencies must stop all non-essential functions until Congress acts to reopen and fund the government.

A government shutdown directly impacts federal programs funded through the annual appropriations process. During a shutdown, each agency directs non-essential employees to stop working. This can lead to significant delays in payments to nonprofit grantees.

What Should Nonprofits Do?

If your nonprofit relies on federal grants or contracts (either directly or as a pass-through), reach out to your grant or contract administrator as soon as possible. You will likely not be able to contact them during a shutdown. Ask them whether you can submit an invoice or expenses for reimbursement to secure funds in advance of a government shutdown, review your grant or contract agreements for any provisions related to funding and performance during a shutdown, and ask whether they can

provide any flexibility. Review the agency's contingency plan, which outlines exactly how the agency will operate during a shutdown and frequently check the agency's website and emails for updates.

If a shutdown continues for some time, nonprofits may need to take action to address immediate financial needs, including using credit cards, accessing bridge loans, or reallocating resources.

The only way to end a government shutdown is for congressional leaders to reach an agreement to enact a bipartisan spending measure; it is critical that your members of Congress – both Republican and Democrat – hear from you about how a government shutdown harms your organization and the people you serve. Call their offices, share your story, and urge them to work with their colleagues to reopen the government.

Government Shutdown Checklist

✓ Review Federal Grants & Contracts

- Contact grant/contract administrators *before* a shutdown.
- Ask about reimbursement timelines, invoicing, and contingency clauses.
- Review contract terms related to performance and funding during a shutdown.
- Download and review the agency's shutdown contingency plan.

✓ Secure Cash Flow

- Submit pending invoices/expenses *before* shutdown
- Assess cash reserves and operating runway.
- Explore bridge loans, credit, or temporary funding options.
- Reach out to funders to see if emergency funds are available.

✓ Plan for Operations & Services

- Identify programs at risk of disruption.
- Prioritize key services, core operations, and create a contingency plan.
- Coordinate with partner organizations for service continuity, if possible.

✓ Communicate Internally & Externally

- Prepare talking points for staff, volunteers, and board members.
- Draft communications to clients/community about potential impacts.
- Always keep funders and stakeholders informed.

✓ Engage in Advocacy

- Contact your members of Congress to urge them to work with colleagues to reopen the government. Use storytelling strategically by highlighting real world impacts on communities to urge lawmakers to act.

- Leverage local press and social media to raise awareness by sharing how shutdowns harm marginalized populations.
- Join coalitions amplifying the nonprofit sector's voice.

✓ **Support Your Team**

- Brief staff on payroll implications (if relevant).
- Recognize the strain on employees serving communities amidst a crisis.
- Provide resources for stress management.

✓ **Plan for Post-Shutdown Recovery**

- Keep track of delayed work or reporting deadlines.
- Debrief internally: What worked? What didn't work?
- Strengthen financial and operational resilience for future disruptions.

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