



IN LIMBO

Higher Ed May Be in Trouble if the Government Is Shut Down for Much Longer

By *Claire Murphy* October 30, 2025



MICHAEL THEIS, THE CHRONICLE

The higher-education sector has gotten accustomed to preparing for government shutdowns in the past dozen years, even prolonged ones. The immediate impacts are well known: A large number of Education Department employees are furloughed, resulting in limited support and technical assistance. The awarding of new research grants is stalled.

While student-aid disbursements and loan-forgiveness plans continue, no one is on hand to process new applications.

Temporary funding lapses typically have limited effects on colleges. But what happens if a shutdown persists beyond a few weeks?



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The result could be lost access to grants and support programs, serious disruptions to research, and potentially problems with financial aid, higher-ed advocates told *The Chronicle*.

As Republicans and Democrats in Congress continue to spar over federal-spending limits and health-insurance subsidies, the gridlock continues. Without a resolution by the end of Tuesday, the shutdown will become the longest ever.

“The longer these shutdowns go on, the more acute the problems it causes,” said Matt Owens, president of the Council on Governmental Relations. “More institutions are likely to experience lapses in funding as awards and funding increments end with no new awards or funding coming in.”

With federally funded research, institutions can float funds around to avoid stalled projects and “make the payroll,” Owens said. Over time, though, there’s less money available to move. “And so that becomes a significant financial and cash-management issue,” he said.

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The Georgia Institute of Technology [announced](#) last week that it would do just that — preserve as much cash as possible by limiting purchases, nonessential travel, major contracts, and consulting services.

“Georgia Tech must take measures to plan for long-term financial health and research continuity,” university leadership said in the statement. “If our researchers ceased work, we would forgo the revenue that could be collected when the government returns to full operations, creating long-term budget implications.”

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Other research universities are taking similar steps. Ohio University [announced](#) that, beginning in November, all research aid would be held in a centralized account or “temporary emergency-funding pool” to be used as a bridge to cover essential costs. The University of Hawaii president, Wendy F. Hensel, told the institution’s Board of Regents earlier this month about the “cash flow” challenges the 10-campus system is facing.

“Thousands of our employees are either fully or partially funded by federal dollars,” Hensel said in the report. Though Trump signed a [law](#) back in 2019 mandating that furloughed employees will be paid retroactively once a government shutdown ends,

[recent statements](#) from the president suggest otherwise — which Hensel cited as a concern.

The Department of Education's [contingency plan](#) confirmed that federal student-aid disbursements, including Pell Grant awards and direct student loans, are an essential service that will continue throughout the shutdown, and student borrowers are still required to make payments. Financial-aid allocations have already been sent to colleges for the fall semester.

Still, colleges aren't sure what to expect for the spring.

“You could be in potentially a situation that the administration has to make a decision of whether or not they're going to continue to fund the second tranche for the spring semester of financial-aid dollars, and what happens if they don't,” said Deborah Altenburg, vice president for research policy and advocacy at the Association of Public and Land-Grant Universities. “We don't know the answer to that.”

And even if financial aid goes out on time in January, federal employees may not be available to process new applications and assist with support, said Jon Fansmith, senior vice president for government relations and national engagement at the American Council on Education. Such problems could become more apparent down the road: Spring is the peak processing season for students filling out the Free Application for Federal Student Aid, or FAFSA, which is used to determine aid offers for the following academic year.

“For most students, especially low-income students who are most in need of financial aid, it's not really hard to blame them for hearing that the government is shut down and not knowing what that means about their chances to file the FAFSA,” Fansmith said. “It will impact a lot of students' approach to applying for financial aid.”

Several colleges, Altenburg added, have created task forces in recent weeks to conduct scenario planning for what happens if the shutdown continues into 2026. But campus administrators anticipate their conservative budgeting won't be enough of a bridge.

Altenburg said campuses typically have “30 to 60 days of cushion” that they plan for contingencies, but going beyond that is “significantly new territory.”

Beyond research dollars and financial aid, colleges are worried about slower case-processing for international-student visas and veteran GI Bill benefits.

Administrators are also concerned about how a disruption in key government services like the Supplemental Nutrition Assistance Program, or SNAP, could harm their students. [Over three million college students](#) are eligible for SNAP benefits, which will no longer be issued starting this weekend.

“What we know about low-income students is it’s very rarely the ability to afford tuition and fees that is the factor in whether they enter and continue in postsecondary education. It’s all these other sort of wraparound factors,” Fansmith said. “You take away supports that lessen some of those pressures, of course, we fully would expect to see low-income students dropping out.”

Some college leaders have begun to draw from their own emergency-aid funds to cover the likely lapse.

“A hungry student can’t learn,” said Twyla Baker, president of Nueta Hidatsa Sahnish College, a small tribal college in North Dakota. “When you fold in the fact that our students are very often parents of young children, and it’s going to be very, very difficult to, if you’re weighing the option of whether or not I need to go to work so I can make money to feed my family or I could stay in school, obviously, you’re going to pick the most immediate need.”

Baker said the college was able to pool about \$23,000 in emergency-aid funds to create packages of food and basic home goods for at-risk students. But she worries that the strain on resources could affect a student’s ability to stay enrolled.

“We want to try to put the guardrails up and try to make sure that they feel supported and that they have access to options here on our campus,” Baker said.

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Claire Murphy

Claire Murphy is a reporter at *The Chronicle*. Follow her on X [@ClaireMurphy22](#), or send her an email at claire.murphy@chronicle.com.

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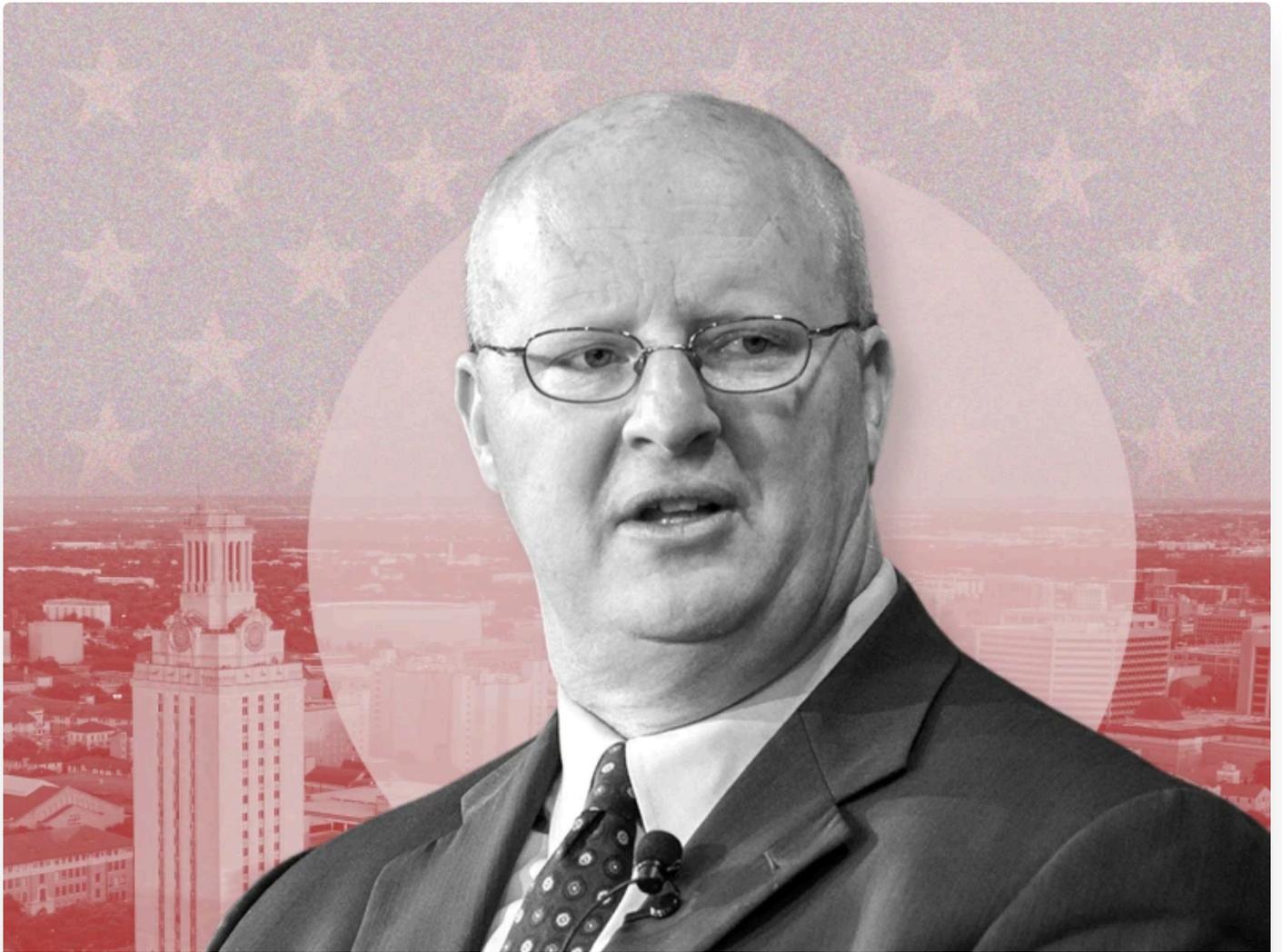
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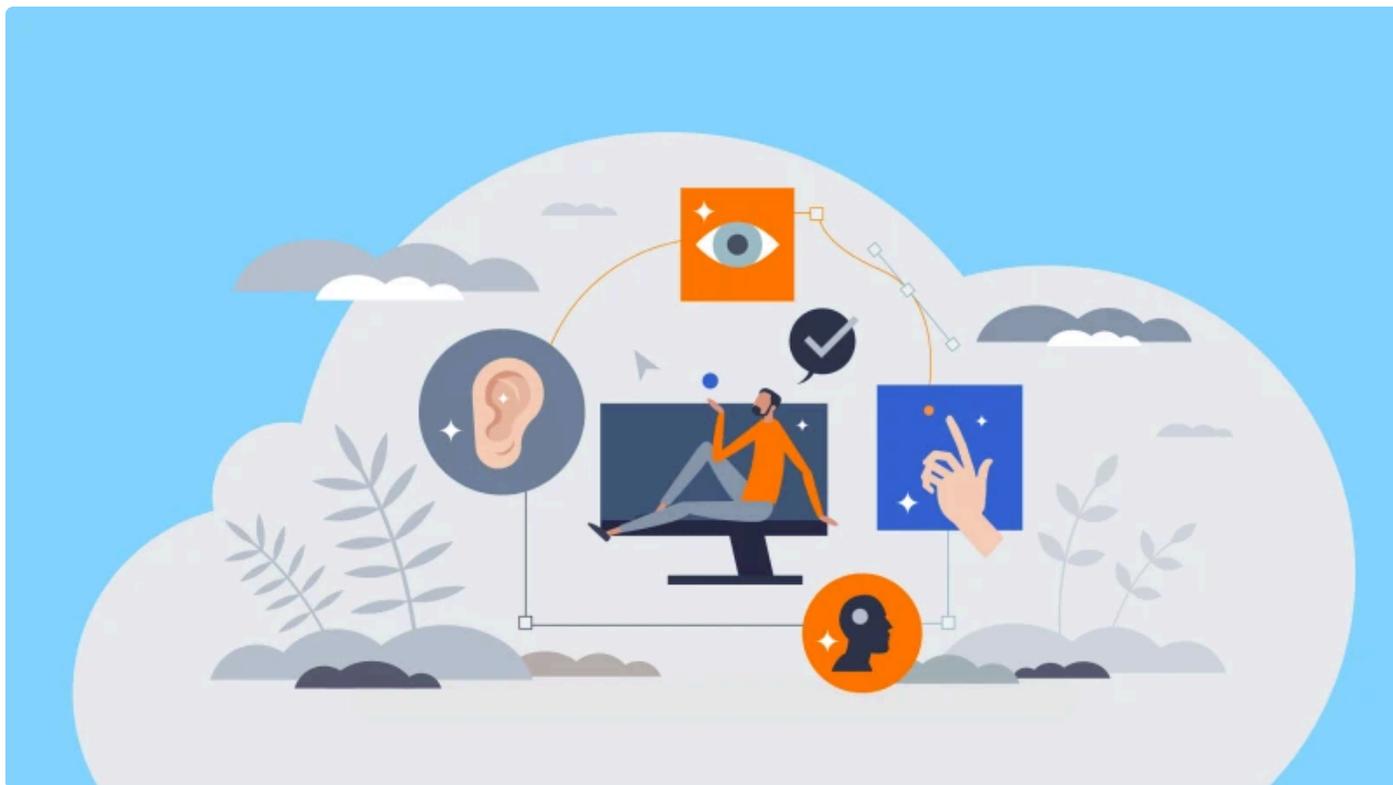


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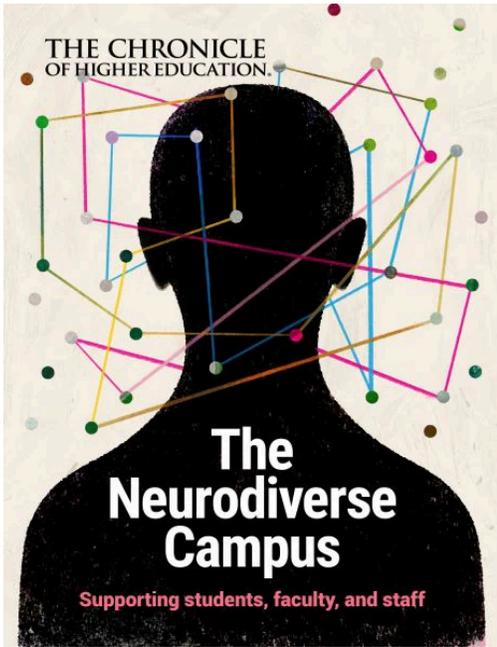


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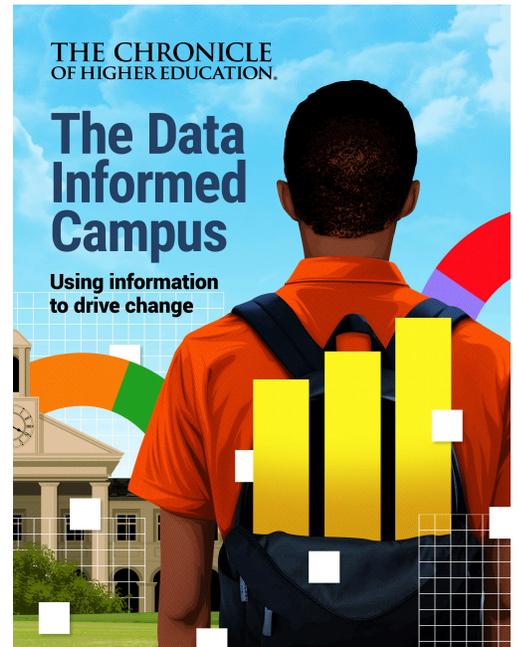


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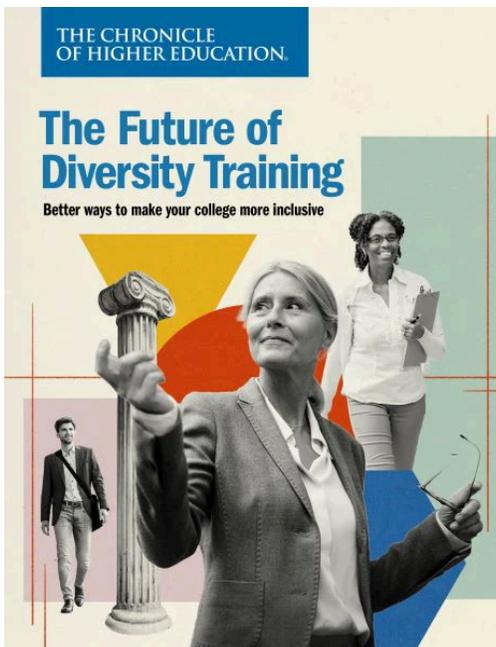
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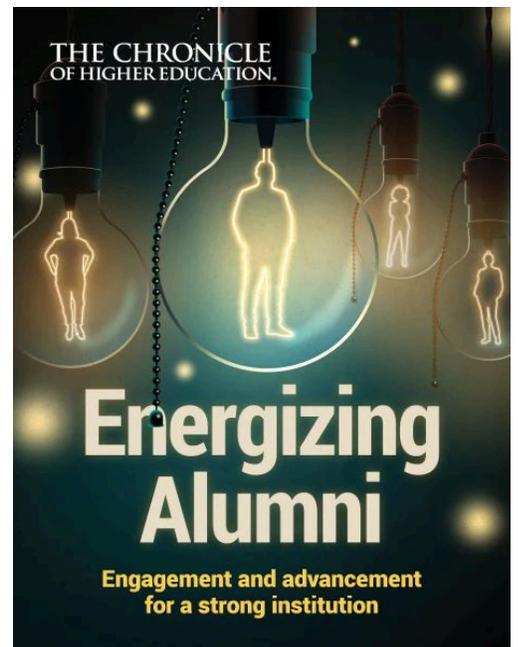
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