FISCAL MANAGEMENT ADVISORY 23-01

Date: September 28, 2023

To: County and District Superintendents
Charter School Administrators

From: Abel Guillen, Deputy Superintendent,
Operations and Administration Branch

Subject: **Impact of a Potential Government Shutdown**

The purpose of this memorandum is to outline the impact of a potential government shutdown on programs and operations of the U.S. Department of Education (ED) or other federal agencies.

Federal Government Shutdown: What to Anticipate

- **Funding Deadline:** On September 30, 2023, the current funding for the federal government is set to expire, marking the commencement of fiscal year (FY) 2024 on October 1, 2023.

- **Congressional Responsibility:** If any of the 12 appropriations bills remain unsigned by this critical fiscal transition, Congress faces the responsibility of enacting a continuing resolution (CR). This temporary measure ensures that federal agencies maintain their operations and program continuity, preventing a lapse in government functions.

- **Shutdown Scenario:** Failure to enact a CR by October 1 or a lapse of a temporary CR without full-year appropriations triggers a government shutdown. During this event, the federal government's operational capacity is significantly reduced, but not all functions cease.

- **Essential Operations Continue:** Federal programs and activities funded through mandatory allocations or supported by the previous fiscal year's appropriations persist during a shutdown.

- **Guidance and Contingency Plans:** The Office of Management and Budget (OMB) is expected to provide guidance to agencies and the public regarding agency operations during a shutdown. Additionally, each federal agency has developed its own shutdown contingency plan, like the 2021 U.S. Department of Education contingency plan.

- **Education Funding:** K–12 education funding operates on either a forward-funded or an advance-funded model. Depending on the program, some or all of the program's funding is appropriated on a forward-funded basis, meaning that the funding becomes available for drawdown by the state and local educational

agencies (SEAs and LEAs) beginning on July 1 of the fiscal year (for instance, on July 1, 2023, for FY 2023 funds). SEAs and LEAs will be able to continue using those funds, as well as carry-over funds from previous years, if ED is shut down.

For ESEA Titles I-A and II-A, IDEA Part B, and CTE programs, funds are appropriated on an advance-funded basis, meaning that the money does not become available until October 1 of the following fiscal year. Funds for these programs may be affected if ED shuts down on October 1, but with orderly shutdown procedures, the funds are expected to be released on October 1. However, competitive grant programs may encounter delays due to staffing constraints, affecting application reviews and award processes.

- **Child Nutrition Programs:** These programs, encompassing school lunch, breakfast, and snack programs, receive reimbursements 30 days after each service month. Funding for these critical programs is expected to last through the first quarter of the fiscal year, ensuring support until December 2023. Further details on funding during a government shutdown are likely to be provided by the U.S. Department of Agriculture (USDA). It's essential to note that USDA staff will also be affected by the shutdown, emphasizing the need to address questions regarding programs such as school meals, WIC, and SNAP to USDA staff before October to ensure timely responses.

The CDE is maintaining vigilant oversight of the situation and maintaining close collaboration with the CDE's Federal Policy Liaison to obtain the latest information. Although we do not anticipate that a federal shutdown will significantly disrupt the operations of the CDE and LEAs, we aim to ensure that everyone remains informed about the situation and is prepared for potential delays in federal government processes in the event of a shutdown.