

Federal Update: Government Shutdown

October 1, 2025

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On October 1, the federal government shut down. This is the first federal government shut down since 2018-2019. On September 30, Senate efforts to pass a Continuing Resolution (CR) to fund the government for a period of time in place of appropriations legislation, were unsuccessful. The Senate voted on two CRs, one proposed by Democrats and another proposed by Republicans.

Disagreements about the inclusion of provisions to extend expiring Affordable Care Act subsidies led to both versions failing. The Republican measure received the votes of two Democrats and one independent Senator.

The Senate expects to be in session the rest of the week and throughout the weekend, except the Jewish holiday of Yom Kippur on October 2, to continue efforts to pass a CR. However, negotiations have largely been unsuccessful. The House passed a “clean” CR, without the Affordable Care Act provisions, on September 19.

Below are the expected impacts for the key federal programs of importance to school districts.

Title I, Title II and IDEA

Title I, Title II, and Individuals with Disabilities Education Act (IDEA) receive advance funding from prior year appropriations measures. The Department of Education indicated that it would release funds for FY 2026 on October 1 as planned. ISBE confirms that this funding was released.

Federal Nutrition Programs

The U.S. Department of Agriculture (USDA) confirms that funding is available to reimburse schools for meals served in September and October. Beyond October, funds can be made available in advance of annual appropriations measures. However, any unfunded discretionary grant programs may be impacted.

School-Based Health Services through Medicaid

The Centers for Medicare and Medicaid Services confirm that it will have sufficient funding for Medicaid for the first quarter of FY 2026, based on the advance appropriation from the previous year's CR. The Illinois Department of Healthcare and Family Services confirm that it does not expect an impact on the school-based health services through Medicaid funding.

Other Department of Education Grant Programs

Most other Department of Education grant programs are forward funded and districts have already received funding this summer for the current school year. ISBE has not seen any disruptions to this funding.

Impact Aid

Some school districts have portions of land within their boundaries that are owned by the federal government and thus are exempt from local property taxes. Congress provides financial assistance to these school districts through a program called Impact Aid. Impact Aid is not fully funded in advance. These funds flow directly to districts and may be delayed or disrupted. In addition, Impact Aid staff at the Department of Education will be furloughed and will not be available for technical assistance.

Other Department of Education Functions

The Department of Education will furlough non-essential employees; some department functions will cease. For example, the department will not run new competitive grant programs so new notices will not be issued and funding may be frozen or delayed. The Department will also slow or halt civil rights investigations. Technical assistance from the Department is likely to be unavailable.

For additional information about potential impacts please reference the summary memo provided by Consortium of State School Boards Associations (COSSBA).

The Office of Management and Budget has threatened additional layoffs at federal

departments should a shutdown continue. These plans have not yet been announced.

Update on E-Rate

In two votes on September 30, the Federal Communications Commission (FCC) disallowed the use of e-rate funds for Wi-Fi on buses and Wi-Fi hotspots. The FCC based its decision on statutory language that requires assistance to be for classrooms and to serve an educational purpose. The decision will apply to 2025 funding as well as subsequent years. The Education and Libraries Networks Coalition (EdLiNC), of which COSSBA is a member, wrote a letter expressing support for these uses. In the September 24 letter, the EdLiNC asked that any decision not apply to funding years 2024 and 2025 as school districts had made decisions based on e-rate availability for these programs.

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