

Federal Shutdown Contingency Planning

University of Washington Response to OFM Request on January 16, 2018

1) Are there any programs or services that would be immediately impacted for students, the community, hospitals, etc.? When would these be felt?

A federal government shutdown could impact the UW in three major areas: research grant and contracts, student loans, and Medicare and Medicaid reimbursements.

- **Research Grant and Contracts:** Federal agencies will be independently developing approaches to a government shutdown, thus implementation is likely to be inconsistent across agencies. However, based on prior experience, new research proposal submissions may be delayed and new awards will most likely be delayed. Payments on existing awards from some or all federal agencies are likely to be delayed. At the UW, research activities on active awards will continue as usual and funding plans are in place to ensure adequate cash is available to cover on-going expenditures in the short term. During the last shutdown, the UW was largely able to continue drawing federal funds. However, an extended shutdown (more than 4 weeks) would require plan modification.
- **Medicare/Medicaid:** Medicare funds are held in trust and Medicaid funds have been appropriated for the current biennium. Neither fund source is dependent on current Federal debt ceiling and/or funding agreements; however, the UW would be impacted if federal employees were not available to process Medicare or Medicaid payments. In addition, the lack of federal staff to process claims would impact payments received that support graduate medical education to our hospital systems.
- **Student Aid:** In past shutdowns, the Department of Education has kept “essential operations” personnel on staff to run the federal systems, so the UW has been able to draw down funds to reimburse for the disbursement of the federal aid. We are fortunate this time around in that the potential shutdown date is on the UW’s tuition due date. Thus, the majority of our federal aid will already have been drawn down to pay tuition and disburse to students. If there had been a shutdown in December, as was a possibility, there would have been a number of impacts to students. There could still be some individual cases, but we do not anticipate any widespread impact on the receipt or disbursement of student aid.

Overall, our experience with past federal shutdowns in all arenas (grants and contracts, Medicare/Medicaid, and student aid) is that, for the most part, federal systems that disburse funds to the UW have remained operational, and routine fund draws have been honored and reimbursed promptly. Errors and unusual situations have had to wait until the full federal staff returned. For grants and contracts, some of the smaller agencies have entirely shutdown, but most of the larger agencies have continued to disburse funds. That said, we know that each federal shutdown is unique.

2) How long could the UW go under a federal shutdown before layoffs or contract suspensions would be needed?

We have a plan in place to have adequate cash on hand from existing accounts to cover anticipated expenditures in the event of delayed federal reimbursement. We estimate that we could go at least one month, possibly more, before layoffs or contract suspensions would be initiated.

3) What else does the Governor’s office need to know, from your perspective, relative to a shutdown?

Beyond the potential financial implications, a federal government shutdown would likely delay government processing services, such as patent application processing, inspections of imports, approval and launch of FDA clinical trials, and IRS determinations and responses regarding Congress’s new tax bill. A federal shutdown would also likely cause there to be an extension on filing 2017 taxes.