

A System Under Strain: How Funding Uncertainty Harms Workforce Programs

The National Association of Workforce Boards (NAWB) conducted a brief national survey of state and local workforce development boards in Fall 2025 to assess the impact of the federal government shutdown and funding uncertainty in general. Responses came from 139 workforce boards across 33 states and the U.S. Virgin Islands.

Key Findings

Workforce boards operate at the intersection of federal funding and policy, business-driven workforce needs, and the individuals who rely on these services. This survey was designed to capture how boards navigated the challenges posed by the federal government shutdown—and ongoing funding uncertainty—in October and November 2025.

The results show that many workforce boards were forced to cut costs during the shutdown—reducing programming, delaying services, and making staffing adjustments. Looking beyond the shutdown, long-term funding uncertainty is having an even greater impact on operations, service delivery, and planning.

As one workforce board leader explained, “In order to sign a lease, hire staff, and sign contracts to conduct programs, we need stability in funding. Disruptions, delays, or temporary funding make it much harder to plan.”

Workforce boards reported increased customer demand during the shutdown. They noted the complexity of determining eligibility of furloughed workers and that job seekers expressed stress and confusion over which services were available and what would happen next.

A majority of survey respondents were keeping their federal elected officials informed about what was happening on the ground.

Insights from the Field

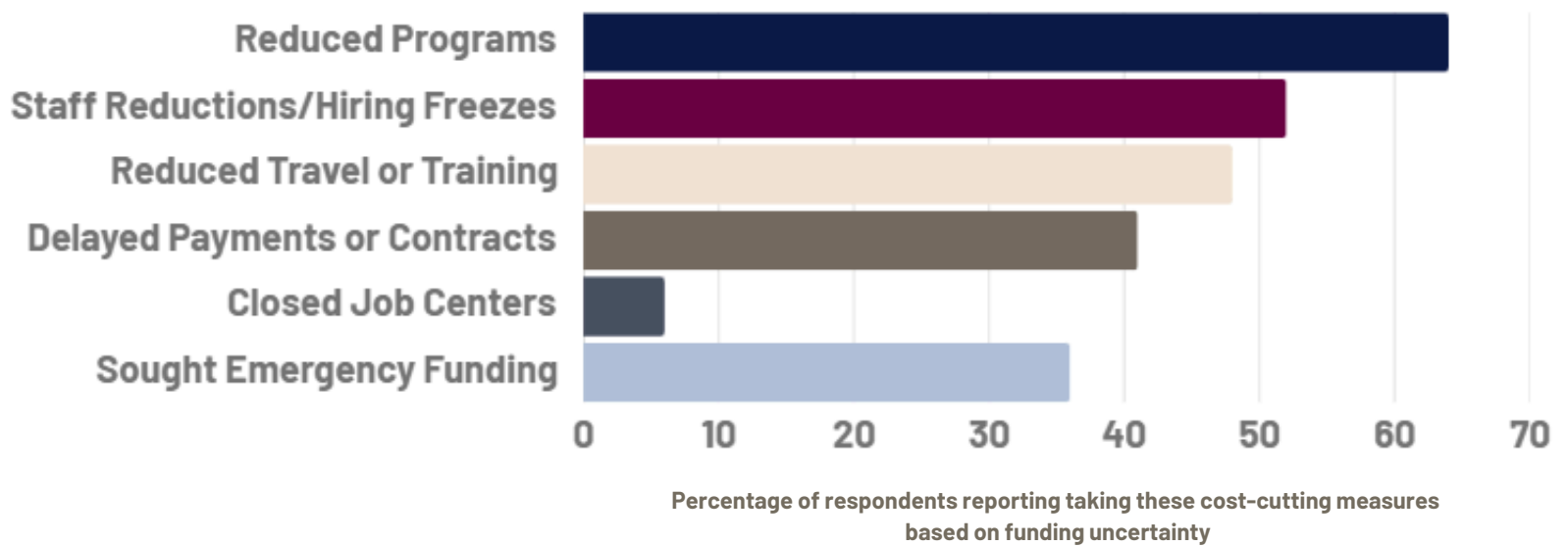
Cost-Cutting Measures

- **36%** of respondents indicated that the government shutdown caused them to take cost-cutting measures. The most common impact was the reduction of programs. Reducing staff time and freezing expenditures were also mentioned.
- **64%** of respondents reduced costs due to funding uncertainty, with actions including staff layoffs, site closures, reduced programs, hiring freezes, delayed payments, and cuts to travel or training.
- **35%** of leaders indicated that they would have had to cut costs further if the shutdown had continued.

“We have a direct federal grant for which federal employees are not available to approve funding disbursements. This results in a cash flow issue that is leading to pausing services to both employers and workers.”

– Workforce Board Leader

Funding Uncertainty for Workforce Boards Has Led To...



Several workforce boards indicated they had sought emergency funds to support operations during the government shutdown. Sources of emergency funding varied and included private philanthropy, state funding, other federal funds, local foundations, and city government.

Customer Interaction

40% of respondents reported changes in customer interaction due to the shutdown. The most commonly reported changes were that workforce boards are assisting more individuals experiencing unemployment and food insecurity; and customers are experiencing additional stress and confusion over what services are still available and what may happen next. Federal employees—who went for a prolonged period without receiving a paycheck—military, and civilian employees are among those who were affected.

“[With] a large military base, [we have] lots of furloughed civilian employers that we are supporting.”

– Workforce Board Leader

55% of respondents reported a change in customer interaction based on changes to the Supplemental Nutrition Assistance Program (SNAP). Individuals are experiencing both the reduction in availability of SNAP funds in October and the new work requirements that were enacted as part of the Budget Reconciliation Act in July.

The combination of increased customer interaction and continued funding uncertainty has significantly impacted workforce boards. They report not having enough funds to provide supportive services such as transportation, housing, and food support; inability to pay tuition and other training; and longer wait times for referrals to social service agencies.

Advocacy

Workforce boards reported that they were keeping their federal elected officials informed about the challenges they are facing, with **61%** indicating they contacted their members of Congress. Boards reported federal outreach to Senators and Representatives, along with city and state leaders.

Meeting the Moment

This moment calls for urgent federal action. Workforce boards are the backbone of America’s talent system, connecting people to opportunity, helping businesses grow, and strengthening local economies. Without stable investment, their ability to deliver results is at risk. Congress must act now to ensure the workforce system—and the communities it serves—remain strong.

What Congress Can Do to Stabilize and Strengthen the Workforce System:

- **Ensure Timely Appropriations:** Avoid continuing resolutions and shutdowns that disrupt local service delivery.
- **Increase WIOA Funding:** Increase funding for Titles I and II of the Workforce Innovation and Opportunity Act (WIOA) to ensure that boards can both meet current community needs and plan for disruptions to the local economy.
- **Reauthorize WIOA:** Advance bipartisan legislation that strengthens local flexibility and ensures stable, sufficient funding.
- **Recognize Workforce Boards as Essential Infrastructure:** Invest in workforce systems as engines of economic resilience.

NAWB is Committed to:

- **Empowering Members:** Sharing best practices, tools, and templates to support stable programming and operations.
- **Strengthening Advocacy:** Equipping members with messaging and resources to engage policymakers.
- **Providing Real-Time Updates:** Offering the latest intelligence from Capitol Hill to guide local strategy.
- **Engaging Employers:** Partnering with business leaders to build support for robust, reliable workforce funding.

The Bottom Line

The government shutdown had a sharp impact on workforce boards and the people they serve, but long-term funding instability poses an even greater threat.

The strength of our nation's workforce system is at risk.

Now is the time for workforce boards, businesses, and partners to urge elected officials to secure the stable funding our communities need to thrive. Your continued outreach is essential to securing a predictable, reliable investment in workforce services.

Together, our collective advocacy can drive the policy solutions this moment demands. NAWB stands ready to work with Congress, our members, and partners to ensure the system that connects talent to opportunity every day remains strong.

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