

Resilient Richmond

The City of Richmond's initial assessment of the impacts of the federal government shutdown

Fulfilling Richmond's mission – to provide trustworthy leadership and high-quality services that meet the needs of our vibrant city – in an uncertain federal landscape.



October 2025
Richmond, Virginia

A letter from Mayor Danny Avula



I want to begin by acknowledging that this moment brings a sense of unease. The federal government shutdown creates uncertainty. I know many of you are already wondering how this could affect city services and programs, and about the impact the shutdown might have on you and your family. One thing I want to say is that while your unease is justified, this isn't uncharted territory. We've been here before. Back in 2018, I led the Richmond and Henrico Health Districts through a 35-day shutdown. More recently, we came within hours of one during March's federal government budget negotiations. I say this not to minimize the moment, but to remind you: we've navigated this before—and we will again.

The City of Richmond is actively monitoring and assessing the potential impacts across city government. I'm in daily communication with Chief Administrative Officer Donald and our teams in Budget, Finance, Intergovernmental Affairs, and the Deputy Chief Administrative Divisions. They are doing the work right now to understand how the federal government shutdown may affect service delivery, funding streams, and operations. My commitment is to stay as transparent as possible and to keep you informed as we learn more. If the shutdown extends, we may need to lean on our state partners for support—and we'll cross that bridge together if we get there.

We also know this shutdown isn't just about government operations—it's about people. In Richmond alone, more than **54,000 residents rely on SNAP (and already we've heard that these benefits may indeed be at risk)** and **over 3,000 families depend on TANF** to meet their basic needs. Last year, those benefits translated to **nearly \$90 million in food and basic needs spending across our local economy—almost all of it federal funding**. If those programs experience delays or reduced funding, it could create pressure on local resources and on the community organizations that help fill the gap.

The same is true for **energy assistance**, which helps thousands of Richmond households keep the heat on during colder months. In the last fiscal year, **\$3.9 million in federal fuel assistance** supported residents through the heating season. With new federal funding temporarily on hold, we're keeping a close eye on what that may mean as we head further into cooler weather.

And while **childcare subsidies** will continue using existing funds for now, new federal allocations are paused—something that could eventually affect providers if the shutdown continues for an extended period.

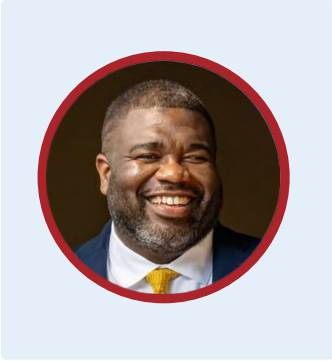
What's happening in Washington has very real consequences—tens of thousands of Virginians could lose access to critical services, including life-saving health care. So yes, there's urgency. But there's also resolve. Our job here in Richmond is to stay focused, keep communication lines open with federal and state partners, and above all, make sure Richmond residents continue to get the services they count on.

Thank you for your continued commitment and steadiness in the face of uncertainty.

Sincerely,
Danny



A letter from CAO Odie Donald II



As of 12:01 a.m. on Wednesday, October 1, the federal fiscal year concluded without passage of an appropriations bill or temporary funding measure. Consequently, a federal government shutdown is now in effect. Under the Antideficiency Act, federal agencies must suspend all but essential services. Private employers and contractors will experience delays in permits, grants, and systems such as E-Verify. Major agencies—including the Equal Employment Opportunity Commission (EEOC), National Labor Relations Board (NLRB), and Occupational Safety and Health Administration (OSHA)—have paused most operations, including investigations and data reporting.

During a shutdown, all non-essential discretionary federal functions must cease until new funding legislation is enacted. Although certain mandatory programs continue to operate, many do so in automated or reduced forms, with limited capacity to resolve issues or provide oversight. Federal employees responsible for administering grants—including inspection, payment, and accounting—are generally prohibited from performing their duties during this period.

For the City of Richmond, this means technical assistance, federal reimbursements, and program guidance will likely remain unavailable until the shutdown ends. Federal discretionary grants will be delayed, new grant applications paused, and employees or contractors funded through federal programs may experience temporary work interruptions.

Federal shutdowns have both immediate and lasting effects on local budgets—and, most importantly, on the people who rely on our collective support. These disruptions reverberate through our communities, creating uncertainty for families, employers, and those who depend on vital public services. While the impact of the shutdown is discussed through the guise of government operations—the true impact is how it affects people. In Richmond alone, more than **60,000 residents rely on some sort of federal assistance** to meet their basic needs—including our neighbors who rely on SNAP for access to healthy and nutritious food. Funding for SNAP is now seriously threatened.

This initial report serves as both a key tool the City of Richmond will use to navigate this federal impasse with focus, foresight, and preparation as well as an update to our more than 230,000 residents on our service delivery activities despite the changes in the federal environment.

While past shutdowns have resulted in significant challenges, I am confident in our collective strength and professionalism. Through the steady leadership of our Mayor, City Council, and our dedicated operational teams, the City will continue to deliver exceptional services, safeguard essential operations, and uphold our core value: people first, people always.

In service,

Odie Donald II



The impact on Richmond

This document presents preliminary analysis of the shutdown's impact on the City of Richmond and outlines our ongoing efforts to address and mitigate any potential impacts.

The City currently receives millions of dollars in federal funding. **Interruptions in cash flow from Washington can directly disrupt service delivery to Richmond's most vulnerable residents.**

In Richmond, the Department of Social Services (DSS), Housing & Community Development (HCD), and Public Utilities (DPU) would face the most immediate impact due to the nature of their programs and reliance on federal funding. Of those, DSS will face the largest impact as the shutdown continues—over half of its funding is tied to federal programs such as SNAP, TANF, and Low-Income Energy Assistance.

What you can expect

- Essential City services such as water, sanitation, emergency response, and waste collection will continue as normal.
- Social service programs may be interrupted, like SNAP, or take longer to process new applications or payments if federal reimbursements are delayed.
- Certain projects with federal grants or federal funding—like road repairs or affordable-housing construction—may pause temporarily until federal approvals resume.

What we're doing

- Each department has **identified its federally funded programs** and is preparing operating plans to bridge short-term funding gaps.
- As operating plans take shape, the City is **prioritizing programs that support families, children, seniors, and other special populations** to ensure no interruption in essential aid.
- To safeguard the workforce, the City's Budget and Finance teams have created **short-term cash-management measures** so that employees funded by federal programs can stay on payroll if reimbursements are delayed.
- Additionally, Richmond is **working with neighboring localities and state agencies** to share information and advocate for consistent funding across Virginia, ensuring a coordinated regional response to these challenges.
- A cross-departmental team will focus on **streamlining access to the City's emergency housing programs**.



The impact of a federal shutdown will have an impact on localities across the country. Every year, the City of Richmond receives millions of dollars in federal funding that supports everything from housing and neighborhood improvements to water infrastructure, youth programs, and public safety. Because many essential services depend on those dollars, when the federal government shuts down or delays reimbursements, it has real consequences for local programs and the people they serve.

STAY INFORMED

The City will share updates through its website (go.rva.gov/shutdown) and through social media on Instagram ([@rvagov](https://www.instagram.com/rvagov)) and Facebook. Residents can also sign up for critical notifications through the Richmond Ready Alerts.

Shutdown by the numbers

The City has begun its initial review of more than 400 federally supported programs across all departments. Preliminary findings reveal that about 160 programs (nearly 40%) have identified negative impacts on service delivery from a federal funding delay.

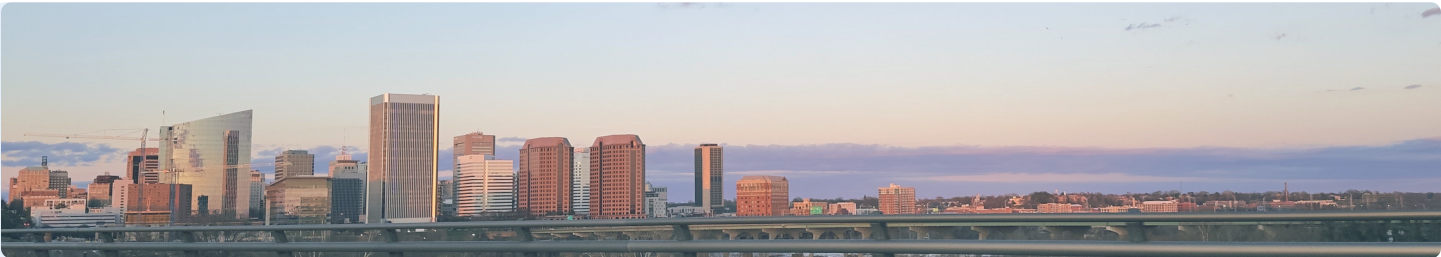
Here’s what we’ve found:

- **Funding Gaps:** More than \$32 million in combined funding across multiple departments could be delayed or reduced if federal payments pause. This does not account for millions in additional resources that are at risk of not being received or passed along by the State.
- **Duration of Impact:** Most affected programs anticipate delays lasting 30 to 90 days, depending on the length of a federal shutdown.
- **Staffing Continuity:** Roughly 12% of city positions are tied in some way to federally funded programs. Most departments have short-term contingency plans to maintain staff and services, but longer disruptions will increase financial strain.

Impact of delays in federal funding

Projections indicate that the longer the shutdown continues, the larger the impact to the City’s operations. The following are estimated impacts citywide based on projected delays in federal reimbursements should the shutdown continue:

Duration of Shutdown	Estimated Delay in Federal Aid	Impact
1 month	\$2.0 million	Minor disruption to reimbursements
3 months	\$7.3 million	Moderate impact to operations
6 months	\$12.3 million	Severe impact on liquidity; citywide adjustments and service reductions may be necessary.



Shutdown by the numbers

Department	Total Federal Funding	Potential Loss	Impact
Social Services	\$34.3 million	\$16.3 million	Highest risk; federal reimbursements drive daily operations and federal funds provide direct aid.
Housing & Community Development	\$11.4 million	\$11.4 million	High risk; affordable housing projects at risk
Public Utilities	\$69.4 million	\$63.7 million	Infrastructure and modernization programs vulnerable to delay.
Public Works	\$151.5 million	\$5.9 million	Moderate exposure; capital and transportation projects could slow.
Fire Department	\$15 million	\$3.9 million	Dependent on SAFER and FEMA programs; staffing retention risk.

Shutdown by department

Department of Social Services

The Department of Social Services manages programs that serve more than 100,000 Richmond residents, including assistance for food, childcare, and energy needs. Federal delays would slow the City's ability to reimburse providers, but core benefits could potentially continue depending on state coordination and continued service support.

The Supplemental Nutrition Assistance Program (SNAP) may be impacted as soon as November 1.

Additional programs projected to be negatively impacted by the shutdown include:

- Temporary Assistance for Needy Families (TANF)
- Low Income Heating and Energy Assistance Program (LIHEAP)
- Child Day Care Quality Initiative & Child Care Admin
- Child Care Recoupments
- Local Medicaid

Shutdown by the numbers

Shutdown by department

Department of Housing & Community Development

The Department of Housing and Community Development (HCD) oversees more than 40 active housing and neighborhood-revitalization projects supported by HUD funds. The ongoing shutdown is projected to pause new contracts and delay ongoing rehabilitation work. The impact of proposed funding for these projects remains under review.

Primary programs that are negatively impacted by the government shutdown include:

- Emergency Solutions Grants (ESG) supporting individuals and families experiencing homelessness
- Housing Opportunities for Persons with AIDS (HOPWA) supporting rental assistance and supportive services for individuals with AIDS
- HOME Investment Partnerships Program
- Community Development Block Grant Program (CDBG)

Department of Public Utilities

The Department of Public Utilities (DPU) operates major infrastructure projects, several of which rely on EPA and FEMA reimbursements. While vital utility operations like drinking-water service will continue uninterrupted, long-term capital projects with federal funding could be delayed.

Primary programs negatively impacted by the ongoing federal government shutdown include:

- Pipeline and Hazardous Materials Safety Administration (PHMSA) grant to assist in repair, rehabilitation, and replacement of aging pipeline infrastructure

Department of Public Works

The Department of Public Works manages transportation and construction projects that enable residents and visitors to travel across Richmond safely and efficiently. Federal transportation funds support 13 active road and bridge projects currently in the planning and/or construction phase. Many of these projects are in danger of deferral if reimbursements stall. A full review of other federally funded projects, both active and inactive, is currently underway.

Potential Indirect Impacts

- **Civic strain:** Reduced public confidence in governmental organizations, frustration directed toward local governments, civil disobedience and protest.
- **Economic:** Reduced local revenue as furloughed employees spend less locally and travel disruptions deter local tourism.
- **Project delays:** Delays in project schedules due to challenges with reimbursement, federal permitting, environmental review, reduced access to federal staff, systems, and data.
- **Disaster assistance:** In the event of a major disaster impacting Richmond, reimbursement or resource mobilization may be slower or incomplete. Hurricane season continues until November 30.
- **Post-shutdown:** Once the Federal Shutdown has concluded, impacts and delays are likely to continue until backlogs can be cleared.

Shutdown by the numbers

NOTE: Dollar amounts listed represent per month figures unless otherwise noted.

Program / Department	Cost or Funding Needed	Staff Impacted	Partners Impacted	Partners' Funding
Staff and Operations	\$21.8 million	365	N/A	N/A
Supplemental Nutrition Assistance Program	Direct funding to clients, average of \$8.7 million per mo.	included above	N/A	N/A
Temporary Assistance for Needy Families	Direct funding to clients, average of \$178,333 per mo.	Included above	N/A	N/A
Homeless services		0	4	\$750,000
Community Development Block Grant	\$412,945	10	15	\$6,669,078
Community Development Block Grant CARES Act	\$43,912	0	2	\$27,215
HOME Investment Partnership Program	\$2,010,472	5	7	\$4,020,944
Housing Opportunities for Persons With AIDS	\$1,397,817	3	5	\$2,795,635
Emergency Solutions Grants	\$195,305	2	6	\$390,609
United States Department of Agriculture	\$768,122	2	4	\$1,699,149
Energy Efficiency and Conservation Block Grant	\$262,500	1	1	\$252,000
AmeriCorps	\$341,808	0	15	N/A
Department of Justice Community Violence Intervention and Prevention	\$745,000	0	TBD	TBD
Circuit Court Behavioral Health Docket	\$76,000	1	1	\$76,000
USDA / Virginia Department of Education after-school food program	\$5,000	0	5	\$5,000 / mo. per org.
USDA/VDOE summer food program	\$95,000	0	TBD	TBD

N/A : Not Applicable
TBD: To Be Determined

Shutdown by the numbers

A note on federal policy volatility and emerging funding risks

The City's proactive approach to monitoring federally funded activities is intended to help safeguard service continuity and fiscal stability as a result of the changing federal environment. These changes aren't limited to the effects of the current shutdown. They also include policy changes that reinforce the broader fiscal reality that the City of Richmond should continue to anticipate further federal-level policy and funding adjustments. These shifts may alter grant eligibility, compliance timelines, and equity-based program structures.

POLICY OF NOTE

In early October 2025, the U.S. Department of Transportation introduced an Interim Final Rule (IFR) on the Disadvantaged Business Enterprise (DBE) Program. The IFR eliminates race- and sex-based presumptions in DBE certification and requires all firms to be recertified under individualized disadvantage criteria.

The City is currently coordinating an immediate reassessment of all active and pending USDOT-funded projects to ensure compliance and minimize risk exposure. Coordination and the evaluation of the City's options as well as a review of requirements related to the certification processes and vendor communications is ongoing.

This new burden results in an increased administrative workload for the Office of Minority Business Development (OMBD) and the Department of Procurement Services. It also may result in a delay in projects that require contractor certification or recertification. Finally, this rule creates the risk of reduced DBE participation in federally funded projects, indirectly affecting expenditure ratios and timelines.



How is Richmond responding?

The assessment of impact and vulnerability is part of Richmond's broader commitment to transparency and preparedness. By identifying programs at risk and planning solutions before problems arise, the City works to protect public trust and ensure that Richmond families, neighborhoods, and businesses remain supported no matter what happens at the federal level.

SIX KEY FOCUS AREAS

1. Mitigating economic harm on the City of Richmond
2. Absorbing stress on local operations
3. Protecting low-income and vulnerable residents
4. Staying connected to our federal partners
5. Advocating with both the state and federal partners on behalf of the City of Richmond
6. Providing frequent and clear communication to residents, businesses, press, federal/state officials, and other key stakeholders



1. Mitigate the local economic harm of the federal shutdown

- Finalize a 60-day financial contingency plan: Prepare to replace suspended federal funding to minimize interruptions to service delivery and operations.
- Prepare for delays affecting major projects: Begin contingency planning for federally funded initiatives that may be disrupted if the shutdown exceeds 60 days. Identify potential alternative funding or management strategies.
- Record all costs. Keep meticulous documentation of direct and indirect costs incurred due to the shutdown. This is crucial for future reimbursement requests.
- Direct all federally funded departments to expedite drawdown of active grants.
- Implement a daily monitoring system for federal reimbursement timing and cash flow impacts.
- Convene a Federal Funding Task Force to coordinate interdepartmental mitigation and communications.

2. Absorb additional stress on local operations and services, in part by activating existing Continuity of operations (COOP) plans and services

- Continue updating the City's Continuity of Operations plan, ensuring it is ready for implementation. Updates should detail how to continue essential functions for up to 60 days under adverse conditions.
- Protect vital functions. Identify and ensure that essential personnel and resources are available to maintain critical services. For Richmond, this includes vital records management, payroll, and communications.

How is Richmond responding?

2. Absorb additional stress on local operations and services, in part by activating existing continuity of operations (COOP) plans and services

- Assess federal programs' impact on city services and programs. Determine how critical local services, such as public safety, housing assistance, and food aid programs like WIC or SNAP, depend on federal funding.
- Be prepared for potential disruptions to these services.

3. Protect low-income and other vulnerable residents

- Support impacted residents, implementing plans to assist residents and local federal employees affected by lost wages or benefits.
- Account for the impact of federal employee furloughs on the City, anticipating higher demand for unemployment assistance and other support services.

4. Stay connected to our federal partners

- Track key agency contacts and monitor any reduction-in-force (RIF) plans: Maintain a centralized list of federal grant officers and program contacts.
- Assess potential impacts of any changes to federal workforce staffing on City federally funded projects.
- Incorporate ongoing federal regulatory changes into fiscal and risk monitoring activities, including the USDOT DBE Program rule referenced in Exhibit A, which may affect project timelines and compliance requirements.

5. Advocate for our community

- Collaborate with state officials. Work with state officials to ensure the uninterrupted provision of healthcare and other services.
- Engage federal representatives. Ensure Richmond's federal representatives have access to timely information on the shutdown's impact to the City. Partner to expedite the resumption of vital services when federal funding is reauthorized.

6. Communicate, COMMUNICATE, COMMUNICATE

- Clearly communicate which services will be impacted and which will continue. Essential services like law enforcement and Social Security will remain operational, while others—such as passport processing, programs supporting small businesses, and federal housing assistance—may be interrupted. It is imperative that we keep residents informed throughout the duration of the shutdown.
- Communicate with contractors. Advise local contractors funded through City projects with federal funding on how the shutdown may affect their timelines.
- Announce any potential reductions in "non-essential" services well in advance.

