

BLOG

University Research Suffers Losses During Shutdowns

By Bret Murray, National Higher Education Practice Leader

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The partial government shutdown – now the longest in U.S. history – has both immediate and long-term consequences for universities across the country. Those that receive research grants from the affected federal agencies have seen their funds paused, and they are on their own when it comes to mitigating the financial impact until federal funding has been restored.

Immediate consequences

Business Interruption (BI) policies are designed to cover against lost income or profits from a covered peril – like hurricanes, fires or cyberattacks. But a government shutdown is not a triggering loss event under those policies – so there is no traditional BI coverage to tap into during this time.

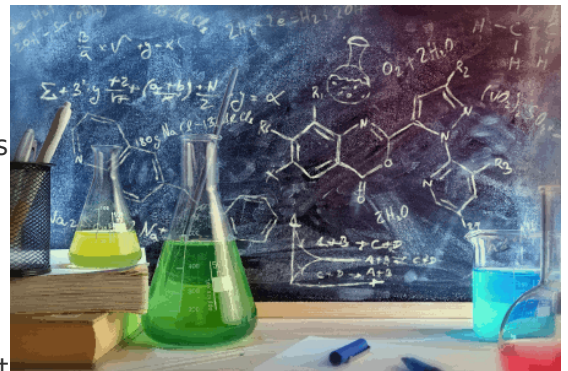
For institutions that rely heavily on grants from agencies that have been closed by the partial shutdown, such as the National Science Foundation, the National Endowment for the Humanities, NASA and the Department of Agriculture, money that would be remitted for grant related-research and payroll has ceased.

Northeastern University, which receives about 80 percent of its research funding from federal agencies, released a [report](#) this week assessing the impact of the shutdown on its initiatives. While the school hasn't felt a devastating effect yet, it points out that a prolonged shutdown will have a "significant negative impact on research and scholarship," particularly because the National Science Foundation is one of its primary sources of funding.

While large universities with deep pockets may be able to divert funds to keep research going, smaller schools with tighter budgets may not have that option.

Long-term consequences

Stalling scientific research can have reverberating, long-term effects on the health of a research program and can diminish a program's competitive advantage for years to come. The longer research goes unfunded, the more of an impact it will have on [early-career scientists and grant renewals](#).



With several grant funding agencies closed, new grant applications are not being processed and this will impact 2020 fiscal budgets and research activities for institutions. Principal Investigators (PI) and Co-Investigators, whose salaries are completely or partially funded by the affected grants, may have no choice but to turn to the private sector for employment due to financial reasons. If this were to happen, it would create an expertise gap in the higher education space making it more challenging for schools to go after future grants and difficult to attract top graduate research students.

One could only imagine the ripples this shutdown would have if it were to extend beyond September 30, the end of the federal government's fiscal year. Like so many federal workers whose livelihoods are disrupted during a prolonged shutdown, the health of academic research is on the line as well.

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