

How a Government Shutdown Impacts the Federal Transportation Programs

- The Federal Highway Administration (FHWA) remains open and construction work should continue on all federal-aid highway and bridge projects without interruption.
- Federal Transit Administration (FTA) and Federal Railroad Administration (FRA) employees are furloughed and local transit and rail agencies have to use their own funds to pay contractors or shut down construction activities.
- Airport construction activity depends on local airport authority decisions on how to manage their capital programs under a shutdown.

Members of Congress and President Trump have engaged in a game of chicken over federal spending that has led to a partial shutdown of the federal government. While Administration officials and congressional leadership continue negotiating, questions persist about how this shutdown impacts the federal transportation programs.

The first thing to be clear about is the origin of this situation. Every year Congress must enact 12 separate appropriation bills to fund federal agencies and programs for the next year. These bills cover activities ranging from defense to agriculture to transportation. FY 2019 began October 1 and five of these bills have been enacted and roughly 25 percent of federal discretionary spending continues to function under a series of interim measures—the latest of which expired December 21.

For many federal programs, a lack of funds means that activity and employees associated with it must be suspended until resources are provided. Here is what we now know regarding federal highway, transit and aviation programs:

Highway Program. The federal highway program and FHWA employees are supported by the Highway Trust Fund and not the federal general fund. The 2015 surface transportation law authorized trust fund expenditures for FY 2016 through FY 2020 and ensured the fund has sufficient resources to support these investments. As a result, the federal highway program and the FHWA continue to operate without an appropriation bill. The Treasury Department has retained sufficient employees to liquidate FHWA invoices.

Public Transportation and Rail Programs. While much of the federal transit program is funded by the Highway Trust Fund, FTA and FRA employees are paid from general funds. As such, the FTA and FRA have shut down as of December 21 and are not be able to liquidate invoices or obligate new grants until the agencies reopen. The impact on construction projects is up to local transit and rail agencies, which may either stop work or elect to use their own funds to pay contractors until an agreement is reached. Amtrak continues to operate as it is only partially funded by federal appropriations.

Aviation Programs. Employees at the Federal Aviation Administration are paid with general funds and are furloughed until Congress and the Administration reach a funding agreement. As in the past, air traffic controllers have been exempted from government shutdowns. As such, while airport construction activity depends on local airport authority decisions on how to manage their capital programs, the U.S. air traffic control system remains in fully operational.

We will keep you apprised as this situation continues to evolve.