



CTAA Analysis: The Impact of the Partial Government Shutdown, Thus Far

As of January 11th, 2019, the federal government has been partially shutdown for 21 days; now tied for the longest government shutdown in history (the other being during the Clinton presidency). CTAA staff have reached out to members in the past week to better understand the impact of the shutdown — thus far — as well as to communicate emerging difficulties and to begin developing contingency plans. Growing worry was consistently expressed by our members, with some beginning to draw up service reduction plans.

How We Got Here

By the end of September, 75 percent of the Federal Government's FY 2019 budget was passed by Congress and approved by President Trump. What remained to be passed were Agriculture; Interior; Transportation, Housing and Urban Development (THUD); Homeland Security; Commerce, Justice, Science; and State/Foreign Operations. The goal was to take care of these remaining appropriations during the December session. This didn't happen.

The federal agencies immediately impacted by the partial shutdown are Transportation, Agriculture, Commerce, Justice, EPA, Financial Regulation, Homeland Security, Health and Human Services, State and Interior. The US DOT had announced a shutdown contingency plan (link:

<https://www.transportation.gov/sites/dot.gov/files/docs/mission/budget/328471/consolidated-december-2018-shutdown-plan-final.pdf>) that highlights how the agency contends with a lapse in appropriations. Of note to CTAA members, the vast majority of Federal Transit Administration employees are furloughed, due entirely to the fact that FTA administrative money comes from general fund — and not Highway Trust Fund (HTF), which includes the transit account — sources. This is not the case for Federal Highway Administration employees, for example, whose administrative budget emanates from the HTF and who are thus at work throughout the shutdown. So even though HTF money continues to be collected, there are no FTA employees working to process payments and drawdowns. The result: somewhere in the neighborhood of \$250 million that is typically drawn down from the FTA on a weekly basis has not been processed. Three weeks in, that total figure is now, approximately, three-quarters of a billion dollars.

The Smaller the System, The More Vulnerable

It's long been understood that smaller, rural transit operators — many of which depend on regular FTA drawdowns for operating funds — would be the first to feel the impact of a government shutdown. Larger transit providers, for whom the majority of FTA formula funding is restricted to capital purchases, could sustain operations for a longer period of time during an FTA shutdown scenario.

Location, too, plays a role in how soon a transit system begins to feel the economic pinch of an FTA shutdown. Operators in states with robust state transit funding mechanisms and with proactive state DOT transit staff can be (and, in some cases have already been) tided over the financial crunch by state DOTs deploying available state funding to stave off service reductions and cuts.

Finally, something as random as FTA drawdown cycles by state DOTs on behalf of their transit providing subgrantees also plays an undeniable role in which agencies run out of funding first. CTAA has found that each state DOT sequences drawdowns uniquely, with some expressing monthly cycles while others, for example, perform them quarterly. Where a specific state happened to be in their cycle when the partial government shutdown began on Dec. 21, CTAA found, is a good predictor of the impact on individual transit agencies with more dire concerns for those who had reached the top of the list right before the shutdown. For most state DOTs, transit operating subgrantees provide service that is initially supported by the state with drawdowns serving to repay the state. Several state DOT leaders CTAA spoke with expressed concern about how large this “float” could reach before service cessations and reductions were implemented. By and large, late January was identified by these leaders as a breaking point.

Obviously, the partial shutdown (and \$750 million — thus far — of missed FTA drawdowns) does impact other parts of the transit industry. On the capital side, construction projects funded with FTA funds have been shuttered — or will soon be. This increases costs of both large- and smaller-scale capital projects long-term, and also threatens credit ratings for agencies. The private sector transit manufacturing and vendor industries — bus builders, for example — will no doubt feel the impact of the shutdown with reduced orders and, at some point, production slow-downs.

To summarize, the longer the shutdown continues, the more widespread and dangerous the impact for public and community transportation.

Members Tell Their Stories

In the past week, CTAA and others have heard directly from a number of members and transit providers about the real-world impact of the transportation appropriations stalemate. The national media, too, is beginning to take notice.

As Bloomberg Government [reports](#), “grants for small and rural transit are funded through the Highway Trust Fund, which is still collecting gasoline taxes during the government shutdown. But the Federal Transit Administration workers who distribute the transit funds from that account are furloughed.” A Politico article further elaborates [stating](#), “FHWA [Federal Highway

Administration] employees are still working and an official said the agency hasn't withheld any funding, but most of the FTA's workforce is on furlough. Even though transit funding is available through the Highway Trust Fund, it's not being paid out to states because the agency's staff is not available to move the logistics along.”

Many transit operators and state DOTs are beginning to feel the effects of these critical funds being withheld. Cape Fear Public Transportation Authority (known locally as *Wave Transit*) is a CTAA member and transit operator serving the greater Wilmington, North Carolina area. Earlier this week, Wave Transit’s Executive Director, Albert Eby, sent a letter to Congress (link to attached document) outlining their challenges due to the shutdown. They’ve estimated that if the shutdown exceeds past January, they will most likely have to reduce their fixed-route and paratransit services and suspend contracted construction projects, critically impacting their local economy and riders.

The largest transit provider in Missouri, (and one of the nation’s largest rural transit operators) CTAA member OATS Transit, serves primarily low-income, disabled, and seniors riders throughout the state’s 87 counties. OATS Executive Director Dorothy Yeager [said](#) they will be forced to reduce service in order to provide necessary medical trips if the shutdown continues. OATS is primarily funded through the FTA’s 531 rural transit program.

CTAA member TransIT Services of Frederick County located in Central Maryland provides trips to more than 2,000 riders a day. If the shutdown lasts until mid-February, they could potentially see some service reductions, due to the fact they will be unable to clear second quarter expenses. TransIT predicts significant service cuts should the shutdown lasts for months.

Members serving places like Cottonwood and Flagstaff in Arizona are beginning to pay for the full cost of their transit services, a task that is dependent on the availability of federal funds. As of now, at least 27 rural transit providers in the state are awaiting their scheduled federal funding. CTAA member Cottonwood Area Transit hasn’t received federal funds since October. Bruce Morrow, Executive Director at CTA, [said](#) they receive \$150,000 a month from the federal government and that accounts for roughly 70 percent of their service. His agency provides approximately 15,000 rides a month and any reduction in service would lead to critical impact on the area. The Northern Arizona Intergovernmental Public Transportation Authority, a CTAA member in Flagstaff, provides fixed-route, paratransit and vanpool services for their entire community and across northern Arizona. They are expecting \$1.5 million from the federal government, which in turn, might have to be substituted with local city funds. A continued shutdown would be harmful due to an extended lapse in federal funds and would extremely limit transportation options for community members.

These examples are just a few snapshots of the harmful impact a prolonged shutdown can have on those who need a ride the most: to go to the grocery store, get to work or to a medical appointment. It is imperative that Congress and the Administration work together quickly to pass legislation that will fund the DOT for the remainder of FY19. Communities across the country depend on it.