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Government Affairs Update

A Likely Federal Government Shutdown: What are the Impacts for Transportation?

With a federal government shutdown looming at midnight on September 30, federal agencies have begun preparations in case this becomes a reality. A shutdown is about a lapse in appropriations for FY2024 and requires federal agencies to end all non-essential duties that are paid for using discretionary funds until there is either a Continuing Resolution providing additional funding or upon passage and enactment of an appropriations bill.

Many toll operators have not traditionally relied heavily on federal funding, and many IBTTA members receive little or no federal funds. Nonetheless that is changing, and the Infrastructure Investment and Jobs Act (IIJA) has offered lots of opportunities for new eligibility for federal funding and a growth in discretionary and competitive grants programs within IIJA. This has all heightened the interest among tolling organizations in the federal program.

In the event of a federal government shutdown, essential functions funded with discretionary funds would continue (i.e., certain medical services, federal law enforcement, air traffic control, and border protection) but many of the federal employees providing these essential services would be doing so without pay until a funding resolution is reached.

Federal accounts and programs that are not funded with discretionary funds but operate using mandatory spending (i.e., Social Security, Medicare, and the various trust funds like the Highway Trust Fund) will continue to function at the start of the new fiscal year. Therefore, the USDOT activities funded by contract authority from the Highway Trust Fund (HTF) would be unaffected. Additionally, programs supported by the IIJA's five-year "advance appropriations" from the General Fund are also not affected.

Because the HTF and advance appropriations fund most federal highway, transit, and highway safety programs, these programs would not be impacted by a shutdown. However, it is possible that – due to staffing and other priorities during a shutdown – some IIJA programs could have their implementation delayed. That may include the Strategic Innovations in Revenue Collection program and the initiation of the National VMT Fee Pilot Program.

The Office of Management and Budget requires all federal agencies to provide a contingency plan to cover any lapse in appropriations. The U.S. Department of Transportation (USDOT) has posted their shutdown plan, which can be found [here](#).

While many transportation programs of interest to IBTTA members will not be directly affected by a federal government shutdown, there will certainly be larger economic impacts if a shutdown were to continue for a lengthy period. The IBTTA Government Affairs team will carefully monitor the situation and keep members apprised of any noteworthy implications.

If you have questions, please contact Mark Muriello at mmuriello@ibtta.org.