



September 30, 2025

The Honorable Jeffrey Beckham  
Secretary  
Office of Policy and Management  
450 Capitol Avenue  
Hartford, Connecticut 06106

Dear Secretary Beckham:

Subject: Potential Impacts of Federal Shutdown on the CTDOT – September 2025

The following is a summary of the potential impact of a federal shutdown on the Department of Transportation (Department), including how a shutdown would affect programs, operations, and employees.

The American Association of State Highway Transportation Officials (AASHTO) Transportation Policy Forum recently communicated the following.

“According to USDOT's most recent "lapse of appropriations" contingency plan updated in March 2025, the impact of the shutdown at USDOT will vary, with 17,727 employees estimated to be furloughed out of 56,819 total employees (with 16,621 furloughs taking place just at FAA). Employees paid by trust fund contract authority, offsetting fees, or revolving funds will not see a funding lapse. As such, a shutdown will not affect anyone at FHWA, FMCSA, NHTSA or FTA, whose staff are funded from the Highway Trust Fund.

For state DOTs, FHWA's reimbursement of cash will remain unaffected. In addition, activities and personnel funded from IIJA Division J via advance appropriations will remain unaffected, including programs such as Bridge formula and NEVI at FHWA or Federal-State Partnership for Intercity Passenger Rail at FRA.”

Under past similar circumstances, CTDOT has been able to continue processing Federal Billing functions. This process is anticipated to continue once the new FFY begins, and federal systems reopen. The periodic cycles to request reimbursement for incurred federally eligible expenses are based on previously approved Federal Aid Receivables.

USDOT anticipates that FHWA will reopen their financial system and quickly post all carry-forward balances remaining at the close of FFY25. Obligation Authority should be posted for non-formula/allocated programs allowing those funds to be obligated.

USDOT will need a Continuing Resolution and/or Appropriations Bill for the new FY26 funds, including associated Obligation Authority. In some cases, DOT could employ Advance Construction financing, but in many cases new funding and Obligation Authority is needed to advance planned transactions.

Based on these expectations, the following are what we expect by Federal agency.

### **FHWA / FTA / NHTSA**

The Department does not believe that there will be an immediate impact to the Department if there were to be a federal shutdown this year. Reimbursements from the Federal Highway Administration (FHWA), Federal Transit Administration (FTA), or National Highway Traffic Safety Administration (NHTSA) will not be impacted as these agencies are not paid out of annual federal appropriations. FHWA, FTA, and NHTSA staff would be expected to continue to work, and the Department would continue to seek/receive federal reimbursement of expenditures.

The only impact would be that a shutdown would stop any new appropriations or obligation limitation from being distributed until a new budget or continuing resolution is passed. This means that the Department would not be able to obligate new projects with federal funds.

The potential impact on the Department's cashflow from FHWA, FTA, and NHTSA is approximately \$85M/per month. This represents approximately \$56M from FHWA, \$28M from FTA, and \$1M from NHTSA.

### **FRA**

In the event of a federal shutdown, employees of the Federal Rail Administration (FRA) would not be available to make payments to the Department. While the Department could continue to spend funds previously obligated, the Department cannot receive reimbursement unless the federal agency is operational. Eventually, the lack of reimbursement will be problematic but, in the near term, projects will continue, and the State Treasurer's office should not suffer cashflow impacts as a result. The unavailability of FRA staff to obligate grants will not result in any significant impact to the Department unless it were prolonged as the Department has obligated most available FRA funding and there is no new funding authorized, however, a shutdown could delay the approval, and we would be required to use other current funding to process payments.

USACE

The impact of a shutdown on U.S. Army Corps of Engineers (USACE) is unknown until it occurs. Temporary financing for their office has been available in the past for limited periods of time. If there were an extended shut down, it could force their regulatory program to shut down, and this would impact permitting and other issues to ongoing projects.

If you should have any questions, please contact Mr. Gary Pescosolido, Bureau Chief, Finance and Administration, at (860) 594-2201.

Sincerely,



Garrett T. Eucalitto  
Commissioner

cc: Mr. Matthew Daskal, Office of Policy and Management  
Mr. John Jaramillo, Office of Policy and Management