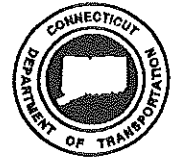


STATE OF CONNECTICUT

DEPARTMENT OF TRANSPORTATION

2800 BERLIN TURNPIKE, P.O. BOX 317546
NEWINGTON, CONNECTICUT 06131-7546



Office of the
Commissioner

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October 1, 2013

The Honorable Benjamin Barnes
Secretary
Office of Policy and Management
450 Capitol Avenue
Hartford, Connecticut 06106

Dear Secretary Barnes:

Subject: Impact of Federal Shutdown on the Connecticut Department of Transportation

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

There are four major sources of federal funding for the Department: Federal Highway Administration (FHWA), Federal Transit Administration (FTA), Federal Railroad Administration (FRA) and the National Highway Traffic Safety Administration (NHTSA).

FHWA

- The Department does not believe that there will be a major impact on FHWA funding as a result of the federal shutdown on October 1st due to the lack of a budget or a continuing resolution. As FHWA operates under Contract Authority provided under MAP-21, FHWA staff will continue to work, federal-aid highway funds can continue to be obligated on projects, and the Department can continue to seek/receive federal reimbursement of expenditures. The Department can continue to operate unimpeded, absent an appropriations bill, using all available funds, with no impact on the advertising or awarding of jobs.

- Approximately \$43 million per month of federal reimbursements are received from FHWA each month.

FTA

- As a result of the federal shutdown, FTA staff is not available to obligate grants or make payments to the Department. While the Department can continue to spend funds previously obligated, the Department cannot receive reimbursement unless the agency is operational. The approximate average monthly reimbursement by FTA is \$16.5 million. 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 cash flow impacts as a result.
- The unavailability of FTA staff to obligate grants will result in delays in approving new grant awards. If this shutdown were to continue, delays in receiving grant approvals may result in delays in contract awards and slow the progression of projects.
- Transportation Investment Generating Economic Recovery (TIGER). The unavailability of FTA staff to obligate grants will result in a delay approving the recent TIGER grant award. FTA staff cannot carry out the environmental, legal, civil rights, and other reviews required to advance the project to the point of obligation.

FRA

- As a result of the federal shutdown, FRA staff is not available to make payments to the Department. While the Department can continue to spend funds previously obligated, the Department cannot receive reimbursement unless the 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 cash flow impacts as a result.
- The unavailability of FRA staff to obligate grants will not result in any impact to the Department. The Department has obligated all available FRA funding and there is no new funding authorized.

NHTSA

The NHTSA regional office and headquarters behavioral staff will continue working since they are funded through the Highway Trust Fund rather than annual appropriations. NHTSA funding to Connecticut will not be effected at this time. However, states will not get any new FY 2014 funding until a final budget is passed. NHTSA is ready to provide the Basic Highway Safety

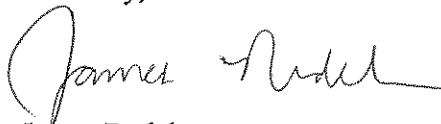
Program (Section 402) funding as soon as the budget passes, but additional Safety Incentive Funding (Section 405) funds will not be distributed until a later date. Approximately \$10 million of NHTSA funds are anticipated for FFY 2014. While the Department can continue to spend funds previously obligated, the Department cannot receive reimbursement unless NHTSA is operational. The approximate average monthly reimbursement from NHTSA is \$800,000.

Overview

- As the majority of the Department's transportation funding will not be affected by a federal shutdown, it is anticipated that the positions currently charging to federal projects will continue to charge to federal projects.
- The positions that charge to federally funded projects are initially funded with state funds and then reimbursed with federal funds. To the extent that federal employees are furloughed or federal agencies are shutdown, there may be a delay in receipt of the federal funds, which might eventually cause a cash flow issue for the Treasurer's Office.
- If additional obligation authority is not received within a couple of months, the Department might need to consider using state bond funds to fund projects on a temporary basis. Corrections shifting eligible expenditures to federal funding sources would need to be processed once federal funds became available to realign funding.

If you have any questions regarding the impact of a federal shutdown on the Department, please contact Mr. Robert C. Card, Bureau Chief, Bureau of Finance and Administration at (860) 594-2201.

Sincerely,



James Redeker
Commissioner