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Transportation Projects Keep Moving as Federal Funding Uncertainties Mount

Some state DOTs have cut bid lettings; existing commitments sustain work, but later phases face uncertain federal support

By Bryan Gottlieb



Photo courtesy Minnesota Dept. of Transportation

The Blatnik Bridge linking Duluth, Minn., and Superior, Wis., is among major transportation projects moving forward with previously committed federal funding.

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Democrats clinched control of Congress in the early hours on Nov. 4, with billions of dollars committed under the expired Infrastructure Investment and Jobs Act continuing to carry transportation projects forward, but funding uncertainty grows for later phases and work not yet funded.

The American Road & Transportation Builders Association says states committed $300.5 billion in highway and bridge formula funds to approximately 129,600 new projects through August. ARTBA has found substantial differences in how federal commitments move toward construction: nearly 80% of IIJA-supported project value in Texas was geared toward construction at the law's midpoint, compared with less than 45% in Oregon, where more funding was directed to planning and design.

Some effects are already appearing at the procurement stage. The Associated General Contractors of America told ENR that chapters have said some state transportation departments began scaling back project bid lettings over the summer because of uncertainty about IIJA's expiration and whether Congress would enact a long-term replacement. AGC declined to identify individual state DOTs.



JP Villamizar

Photo courtesy LinkedIn

Those pullbacks have not necessarily reached broader capital programs. JP Villamizar, head of Advisory at GISI Consulting Group and Chief Growth Officer at Hill International, advises infrastructure owners on capital programs and project delivery. He says later phases dependent on future federal funding could be more vulnerable.

“The agencies are going to start making short-term decisions that may not be favorable for the long-term health of the program because of the potential shortfall,” Villamizar says. “They’ll go and re-scope the particular project. They’ll try to do some value engineering. What can we do to potentially minimize the anticipated cost of that particular project or phase?”

The Pew Charitable Trusts estimated Nov. 3 that states could see an immediate 13% reduction in road-and-bridge funding if Congress continues traditional Highway Trust Fund programs without replacing IIJA advance appropriations. Pew calculates that IIJA provided $273 billion in road-and-bridge formula funding over five years, 32% more than under the preceding FAST Act.

Senate Commerce Committee Democrats, led by ranking member Sen. Maria Cantwell (D-Wash.), estimated in an Oct. 27 report that $36.8 billion in fiscal 2027 transportation funding was not renewed, including $10.8 billion in formula funding and $26 billion in non-formula programs. Without additional appropriations, the committee estimates funding would fall from $1 billion to zero for the Mega program and from $600 million to zero for Railroad Crossing Elimination grants.

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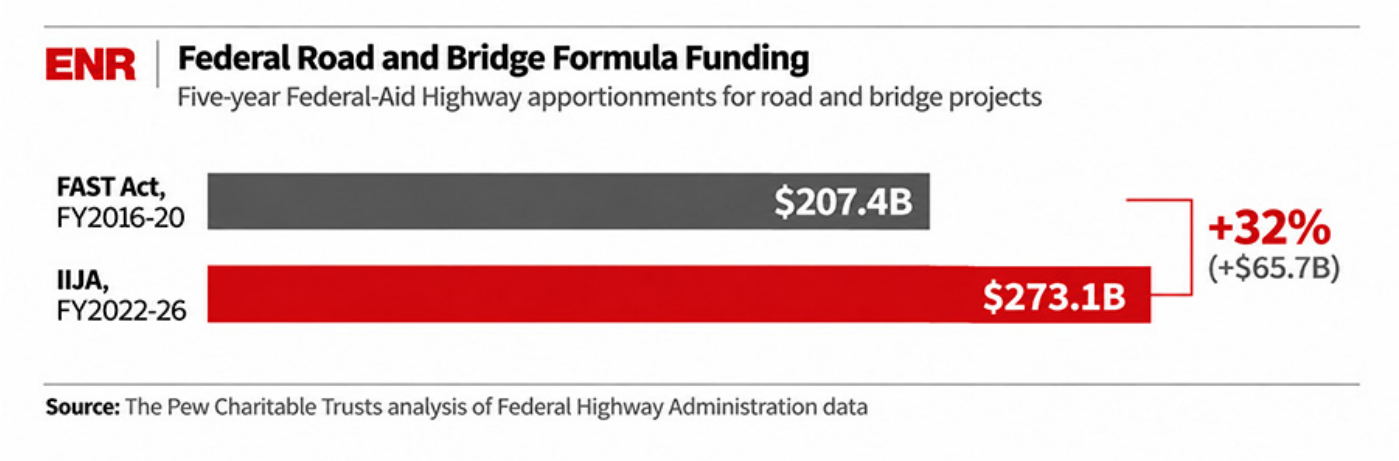
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AGC cautions that the $36.8 billion should not be understood as money being withdrawn from existing projects. Rather, reduced funding could leave the next generation of projects with less access to programs including the Bridge Formula Program, Bridge Investment Program and Mega program. The scale of the Bridge Formula Program is substantial: ARTBA says every state used those funds during the past five years, supporting improvements to more than 11,000 projects.

How exposed an individual project becomes depends partly on its stage of development and whether financing is secured for subsequent phases, according to Villamizar. Agencies facing a funding gap may re-scope work, seek local matching funds or consider different delivery and financing structures. Such changes can alter schedules and, depending on the funding source, bring different review requirements.

The effects can reach contractors before work is canceled. Firms assembling teams for multiyear programs must decide whether to keep scarce personnel assigned to projects with uncertain schedules or move them to funded work, Villamizar says. Delays and scope changes can also cause contractors to price additional risk into bids.

Long-lead procurement compounds those pressures. “You’re talking three or four years and you’re waiting in the queue to try to get that long lead item,” Villamizar says. “So it really has a downstream effect in a myriad of different ways.”



The Pipeline Congress Inherits

Democrats will inherit a reauthorization process that has advanced substantially farther in the House than the Senate when they assume control of Congress in January. ARTBA expects incoming Democratic leadership on the House Transportation and Infrastructure Committee to use the bipartisan five-year BUILD America 250 Act as a foundation. The bill cleared the committee 62-2 in May but had not received a House floor vote as of Nov. 4, while the Senate has not publicly produced and marked up a counterpart. McGinn notes that nearly 100 new members will enter Congress, requiring the industry to make its case to a large freshman class.

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The outgoing Congress faces a Dec. 11 deadline. Its temporary extension keeps core Highway Trust Fund programs operating until then but does not automatically replace the advance appropriations that provided additional transportation funding under IIJA, leaving lawmakers to decide whether to enact another temporary measure or address the funding gap while work continues on a longer-term surface transportation law.

KEYWORDS: Bridge Construction bridge replacement Dept. of Transportation Federal construction federal funding Federal Highway Administration IIJA road construction transportation funding Transportation Infrastructure

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