WONDERSTRUCT

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Bit of an Infrastructure Bust

Long story short, the government shutdown just hit home for the infrastructure world, and billions in projects are suddenly on hold. There are some things you should know and some things you should track.

Who is feeling it right now?

Cubs fans may be having a good year, but not the Red Line to Wrigley Field. The White House has paused $2.1 billion in funding for Chicago transit and infrastructure projects, according to AP and The Washington Post.

On the east coast, New York City's MTA depends heavily on federal funding for projects like the Second Avenue Subway and East Side Access. Delays caused by funding freezes and furloughed review staff threaten to stall these multi-billion-dollar efforts, pushing up costs that fall on taxpayers and commuters (Wall Street Journal).

Quiet Sites

For firms in AEC and transportation, that pause means stop-work orders, demobilization costs, and broken schedules. Equipment is sitting idle, and crews are waiting for the next call.

Power off

Energy developers are also seeing delays. Utility Dive reports DOE hydrogen hub projects are on hold. Aviation is next: The Guardian notes growing flight delays from staffing shortages.

But we've been here before.

Sure, government shutdowns are nothing new and parties have played this game. Infrastructure has always paid the price. Two big examples:

Clinton, 1995–96: The government closed twice for a total of 26 days. Federal employees were furloughed, the EPA and Army Corps of Engineers stopped issuing permits, and projects tied to waterways and environmental approvals were delayed. Tourism-driven economies also lost millions. (Read more).

Obama, 2013: Federal permitting halted, Census construction data went dark, and more than 18,000 DOT workers were furloughed. Contractors had no spending data or bid timelines to plan around.

Past shutdowns cost billions. The 2013 closure alone caused roughly $2 billion in lost productivity (Washington Post, 2013). Infrastructure projects face average cost overruns of 10 to 18 percent when delayed (Flyvbjerg et al., 2013). Energy projects suffer 15 to 20 percent overruns linked to schedule slips (Bain & Company, 2022).

What makes this time different?

Three things make this shutdown more disruptive:

- **Bigger investment:** The Bipartisan Infrastructure Law and Inflation Reduction Act expanded the federal footprint in transportation and energy. There is more at stake, and more that can be paused.
- **Tighter supply chains:** Material prices and labor shortages mean any delay inflates cost estimates and erodes contingency budgets.
- **Funding uncertainty:** Agencies are selectively freezing programs, and cities worry future grants could be reversed or delayed again.

But how does this impact me?

Many federal-local partnerships are at risk and when these projects go quiet, construction stalls, costs rise, and public confidence takes a hit. It's a reminder that once the funding pipeline closes, even temporarily, the ripple effects spread fast. Subconsultants and suppliers get stuck waiting on notice to proceed. Project managers must rewrite schedules. Local agencies lose time they can't make up later.

High-level, you should be prepared for:

1. **Project delays, halted approvals, funding freezes**
   Many federal construction and infrastructure contracts (especially those dependent on annual discretionary appropriations) may face suspension or stop-work orders during a shutdown (Construction Dive). Even if work can continue with some fixed-price contracts using funds already obligated,

related functions like permitting, environmental reviews, or site access may stall if staff are furloughed (Associated General Contractors).

2. **Contractor cash flow stress and contract risk**
   Contractors may see payment delays as funds are not released or reimbursed until a shutdown ends (CBH). Some contracts, especially incrementally funded ones, might be more vulnerable to cancellation or suspension (Wiley). Limited federal staffing also slows processes like change orders, inspections, or compliance reviews (Engineering News-Record).
3. **Operational disruptions in transportation**
   Air traffic control staffing is under strain. Controllers still must work as essential staff but often without pay, leading to absenteeism and flight delays (Reuters). Some control towers even went unmanned for periods, such as Burbank Airport (People). Long-term maintenance and radar upgrades may also be postponed (Colorado Public Radio).

What else can I do?

Count your losses

Combined, the trends listed above can add 5 to 7 percent or more in extra costs from idle labor, remobilization, and supply chain disruptions, particularly in complex markets like New York. This happens even if a shutdown is short. Prepare projects to reflect these extra costs.

Keep up

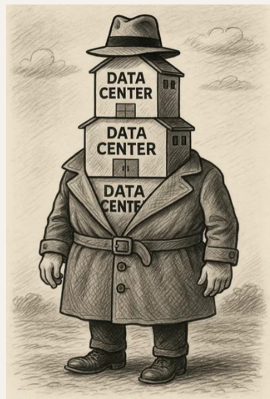
Government work is complex and can be a real headache to figure out, but it's worth staying in the know where you can. Industry insiders are tracking a few key areas in particular:

- **Grant reimbursements:** Payments from FTA, FHWA, and DOE could slow sharply if Congress fails to act. Make sure you know what projects in your pipeline are funded with grants.
- **Permitting backlogs:** Environmental reviews might not resume until next year. Do any of your projects need these reviews?
- **Contract language:** Many federal contracts cover schedule extensions but not cost increases. Check your contract.
- **Labor continuity:** Furloughs at DOT and EPA can halt inspections, even for funded work. Check your municipalities.

Look at opportunities where the funding still flows (so... data centers).

If you’ve paid attention to our GDP, you’ve noted the money is in data centers. Consider shifting to where the work is still moving. Harvard economist Jason Furman says that without data centers, U.S. GDP growth would have been only 0.1 percent in the first half of 2025. (Note: the reported GDP growth for the first half went down .6% in the first quarter and increased 3.8% in the second quarter - but without datacenters it was 0.1%.). The construction and energy demand tied to these facilities is keeping the economy above water. (Fortune | Yahoo Finance) Writer Rusty Foster put it this way:

"Our economy might just be three data centers in a trench coat."



For infrastructure firms, the takeaway is clear. Data centers are one of the few sectors still hiring and building at scale. If federal funds are frozen, turn your attention to the projects and companies driving that growth, likely in AI.

Why wasn't this in my calendar?

Pop it in there for the future. **September 30 is the most important date to watch for a government shutdown.** That's the end of the federal fiscal year — and if Congress hasn't passed and the President hasn't signed all 12 appropriations bills by then, the government runs out of funding and things get wild. To avoid a shutdown, lawmakers can pass a continuing resolution (CR), which temporarily extends current funding levels. If no funding measure or CR is approved by September 30, a shutdown begins.

So, from the top. In **February**, the President submits a budget request outlining priorities for the upcoming year. By **April 15**, Congress is supposed to pass a budget resolution, which sets spending and revenue goals but often faces delays. Between **May and September**, the House and Senate work on 12 appropriations bills to fund federal agencies, aiming to have them passed by **June 30**. If those deadlines slip, **September 30 again becomes the critical date** — and if needed, new continuing resolutions push the next shutdown threat to their expiration dates.

Big picture?

Shutdowns always end, and while the damage lasts, there are things you can do to stay ahead of issues and implement practices to prepare for potential shutdowns in the future.

Note that shutdowns usually impact our country in the long term. The 1990s standoff changed federal contracting calendars. The 2013 impasse pushed digital permitting reforms. This time, predictions anticipate more states and cities may move toward self-reliant funding models like infrastructure banks or public-private partnerships that can keep projects running when federal money freezes.

While Washington sorts itself out, infrastructure firms still must communicate with clients, partners, and communities. Staying visible, explaining project impacts clearly, and maintaining trust during uncertainty are essential.

That's too much communication!

Worry not. That's where **Wonderstruct** can help.

We work with transportation, AEC, and energy organizations to help them communicate clearly when things get messy and funding cycles stall. Whether it's reshaping project updates, keeping stakeholders informed, or turning technical work into stories people understand, Wonderstruct helps your message cut through the noise.

Learn more about how Wonderstruct helps infrastructure leaders stay visible.

Our Writers

Alyce Anderson

President / CEO

Alyce started Wonderstruct in 2019. In her 16-year construction experience, she recognized a lack of strong communication and communication tools in building construction. Wonderstruct has grown to support the AEC industry, transportation, and energy clients in marketing and telling the world what they build and how they build it in clear, visual ways. Alyce is based in Chicago and Denver.

Jenna Neary

COO

Jenna keeps our operations running smoothly. With a background in project management and content strategy, she brings a smart, creative approach to solving problems and helping clients grow. Jenna's storytelling skills and eye for detail continue to shape how we work and what we deliver. Jenna is based in Atlanta.

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