



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

POTENTIAL GOVERNMENT SHUTDOWN IMPACTS ON TRANSPORTATION

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Background

1. The U.S. Federal government faces a potential shutdown due to a budget impasse. This could produce circumstances similar to those in January 2019 when employees essential to transportation networks did not receive paychecks for approximately one month.*
2. During this time, absenteeism for TSA officers and air traffic controllers increased at major airports, affecting wait times, flight schedules, and eventually booking activity. While Amtrak employees continued to receive pay as a chartered business enterprise of the government, 40% of Federal Railroad Administration personnel were furloughed and its Office of Railroad Safety worked without pay.
3. Tourism Economics modeled potential losses of another similar shutdown based on observed impacts in January 2019. (Although the shutdown began on December 22, 2018, impacts were not evident until the beginning of 2019.)

* The United States federal government shut down from December 22, 2018, until January 25, 2019 (35 days) and was the longest government shutdown in history.

The effects of the shutdown cascaded through airport and aviation operations. For example:

- TSA officer call-outs increased by 200%-300% at Dallas-Fort Worth International Airport.
- Nationally, the absence rate among airport screeners peaked at 10 percent (triple the 3 percent absence rate).
- As air traffic controllers called-out, Delta Air Lines reported losses of up to \$25 million and Southwest Airlines up to \$15 million.

Summary of Economic Losses

1. Potential losses were calculated by developing a counterfactual model for the month of January 2019 which predicts performance in the absence of the government shutdown. This model indicates that the shutdown shaved 1.2% off January 2019 air passenger activity and 2.8% off rail activity.
2. Applying these same factors to 2023/24 travel volumes yields estimates of the potential impacts of an imminent shutdown.
3. Average spending per visitor is drawn from the U.S. Travel Association economic impact model.

Potential Losses Due to a 2023/24 Government Shutdown

	Trip loss (monthly)		Direct Impact (monthly)		Total Impact (monthly)
Air	692,833	\$	485,314,573	\$	1,079,708,578
Rail	65,000	\$	31,190,157	\$	69,390,623
Total	757,833	\$	516,504,730	\$	1,149,099,201

	Trip loss (daily)		Direct Impact (daily)		Total Impact (daily)
Air	23,094	\$	16,177,152	\$	35,990,286
Rail	2,167	\$	1,039,672	\$	2,313,021
Total	25,261	\$	17,216,824	\$	38,303,307

Summary of Economic Losses

1. Previous U.S. Travel Association analysis found that the combined effect of attractions (such as national parks and museums) and declines in government-related travel would incur an additional loss of \$100 million per day.
2. The adjacent table shows the combined effects of these losses and transportation-specific impacts: \$140 million per day and \$4.2 billion over the course of one month.
3. The direct spending loss of \$1.9 billion over the course of a month would represent 2.1% of all travel spending in the month of January 2023 (as a basis of comparison).

Potential Losses Due to a 2023/24 Government Shutdown

	Trip loss (monthly)	Direct Impact (monthly)	Total Impact (monthly)
Air	692,833 \$	485,314,573 \$	1,079,708,578 \$
Rail	65,000 \$	31,190,157 \$	69,390,623 \$
Attraction closures	1,169,200 \$	819,000,000 \$	1,822,078,659 \$
Government travel	779,467 \$	546,000,000 \$	1,214,719,106 \$
Total	2,706,499 \$	1,881,504,730 \$	4,185,896,966 \$

	Trip loss (daily)	Direct Impact (daily)	Total Impact (daily)
Air	23,094 \$	16,177,152 \$	35,990,286 \$
Rail	2,167 \$	1,039,672 \$	2,313,021 \$
Attraction closures	38,973 \$	27,300,000 \$	60,735,955 \$
Government travel	25,982 \$	18,200,000 \$	40,490,637 \$
Total	90,217 \$	62,716,824 \$	139,529,899 \$